

AMENDED IN SENATE APRIL 29, 2004

SENATE BILL

No. 1306

Introduced by Senator Ackerman

February 17, 2004

An act to amend Sections 8, 195, 307, 314, 600, 601, 603, 1500, 1501, 5079, 5211, 5215, 5510, 5511, 5513, 6320, 6321, 6322, 7211, 7215, 7510, 7511, 7513, 8320, 8321, 8322, 9211, 9215, 9411, 9413, 9510, 12254, 12351, 12355, 12460, 12461, 12463, 12590, 12591, 12592, 16101, 16403, 17001, 17058, 17104, and 17106 of, and to add Sections 20 and 21 to, the Corporations Code, relating to business organizations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1306, as amended, Ackerman. Corporations: partnerships: limited liability companies: electronic transmissions.

Existing law sets forth requirements for the governance of various business entities, including corporations, partnerships, and limited liability companies.

This bill would authorize certain transactions and communications to and from these business entities to be conducted by electronic transmission under certain conditions. The bill would enact other related provisions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature in enacting this
2 act to meet the requirements of Section 102(a)(2)(B) of the federal

1 Electronic Signatures in Global and National Commerce Act
2 (“E-Sign Act”), to the extent that any provision of this act may be
3 deemed to modify, limit, or supercede the provisions of Section
4 101 of the E-Sign Act.

5 SEC. 2. Section 8 of the Corporations Code is amended to
6 read:

7 8. Writing includes any form of recorded message capable of
8 comprehension by ordinary visual means; and when used to
9 describe communications between a corporation, partnership, or
10 limited liability company and its shareholders, members, partners,
11 directors, or managers, writing shall include electronic
12 transmissions by and to a corporation (Sections 20 and 21),
13 electronic transmissions by and to a partnership (subdivisions (4)
14 and (5) of Section 16101), and electronic transmissions by and to
15 a limited liability company (subdivisions (o) and (p) of Section
16 17001). Whenever any notice, report, statement, or record is
17 required or authorized by this code, it shall be made in writing in
18 the English language.

19 Wherever any notice or other communication is required by this
20 code to be mailed by registered mail by or to any person or
21 corporation, the mailing of such notice or other communication by
22 certified mail shall be deemed to be a sufficient compliance with
23 the requirements of law.

24 SEC. 3. Section 20 is added to the Corporations Code, to read:

25 20. “Electronic transmission by the corporation” means a
26 communication (a) delivered by (1) facsimile telecommunication
27 or electronic mail when directed to the facsimile number or
28 electronic mail address, respectively, for that recipient on record
29 with the corporation, (2) posting on an electronic message board
30 or network which the corporation has designated for those
31 communications, together with a separate notice to the recipient of
32 the posting, which transmission shall be validly delivered upon the
33 later of the posting or delivery of the separate notice thereof, or (3)
34 other means of electronic communication, (b) to a recipient who
35 has provided an unrevoked consent to the use of those means of
36 transmission, and (c) that creates a record that is capable of
37 retention, retrieval, and review, and that may thereafter be
38 rendered into clearly legible tangible form. *However, an electronic*
39 *transmission by a corporation to an individual shareholder is not*
40 *authorized unless, in addition to satisfying the requirements of this*



1 *section, the transmission satisfies the requirements applicable to*
2 *consumer consent to electronic records as set forth in the*
3 *Electronic Signatures in Global and National Commerce Act (15*
4 *U.S.C. Sec. 7001(c)(1)).*

5 SEC. 4. Section 21 is added to the Corporations Code, to read:

6 21. “Electronic transmission to the corporation” means a
7 communication (a) delivered by (1) facsimile telecommunication
8 or electronic mail when directed to the facsimile number or
9 electronic mail address, respectively, which the corporation has
10 provided from time to time to shareholders or members and
11 directors for sending communications to the corporation, (2)
12 posting on an electronic message board or network which the
13 corporation has designated for those communications, and which
14 transmission shall be validly delivered upon the posting, or (3)
15 other means of electronic communication, (b) as to which the
16 corporation has placed in effect reasonable measures to verify that
17 the sender is the shareholder or member (in person or by proxy) or
18 director purporting to send the transmission, and (c) that creates a
19 record that is capable of retention, retrieval, and review, and that
20 may thereafter be rendered into clearly legible tangible form.

21 SEC. 5. Section 195 of the Corporations Code is amended to
22 read:

23 195. “Written” or “in writing” includes facsimile,
24 telegraphic, and other electronic communication when authorized
25 by this code, *including an electronic transmission by a*
26 *corporation that satisfies the requirements of Section 20.*

27 SEC. 6. Section 307 of the Corporations Code is amended to
28 read:

29 307. (a) Unless otherwise provided in the articles or, subject
30 to paragraph (5) of subdivision (a) of Section 204, in the bylaws,
31 all of the following apply:

32 (1) Meetings of the board may be called by the chair of the
33 board or the president or any vice president or the secretary or any
34 two directors.

35 (2) Regular meetings of the board may be held without notice
36 if the time and place of the meetings are fixed by the bylaws or the
37 board. Special meetings of the board shall be held upon four days’
38 notice by mail or 48 hours’ notice delivered personally or by
39 telephone, including a voice messaging system or by electronic
40 transmission by the corporation (Section 20). The articles or

1 bylaws may not dispense with notice of a special meeting. A
2 notice, or waiver of notice, need not specify the purpose of any
3 regular or special meeting of the board.

4 (3) Notice of a meeting need not be given to a director who
5 provides a waiver of notice or a consent to holding the meeting or
6 an approval of the minutes thereof in writing, whether before or
7 after the meeting, or who attends the meeting without protesting,
8 prior thereto or at its commencement, the lack of notice to that
9 director. These waivers, consents and approvals shall be filed with
10 the corporate records or made a part of the minutes of the meeting.

11 (4) A majority of the directors present, whether or not a quorum
12 is present, may adjourn any meeting to another time and place. If
13 the meeting is adjourned for more than 24 hours, notice of an
14 adjournment to another time or place shall be given prior to the
15 time of the adjourned meeting to the directors who were not
16 present at the time of the adjournment.

17 (5) Meetings of the board may be held at a place within or
18 without the state that has been designated in the notice of the
19 meeting or, if not stated in the notice or there is no notice,
20 designated in the bylaws or by resolution of the board.

21 (6) Members of the board may participate in a meeting through
22 use of conference telephone, electronic video screen
23 communication, or electronic transmission by and to the
24 corporation (Sections 20 and 21). Participation in a meeting
25 through use of conference telephone or electronic video screen
26 communication pursuant to this subdivision constitutes presence
27 in person at that meeting as long as all members participating in
28 the meeting are able to hear one another. Participation in a meeting
29 through electronic transmission by and to the corporation (other
30 than conference telephone and electronic video screen
31 communication), pursuant to this subdivision constitutes presence
32 in person at that meeting if both of the following apply:

33 (A) Each member participating in the meeting can
34 communicate with all of the other members substantially
35 concurrently.

36 (B) Each member is provided the means of participating in all
37 matters before the board, including, without limitation, the
38 capacity to propose, or to interpose an objection to, a specific
39 action to be taken by the corporation.



(7) A majority of the authorized number of directors constitutes a quorum of the board for the transaction of business. The articles or bylaws may not provide that a quorum shall be less than one-third the authorized number of directors or less than two, whichever is larger, unless the authorized number of directors is one, in which case one director constitutes a quorum.

(8) An act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board, subject to the provisions of Section 310 and subdivision (e) of Section 317. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

(b) An action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to that action. The written consent or consents shall be filed with the minutes of the proceedings of the board. The action by written consent shall have the same force and effect as a unanimous vote of the directors.

(c) This section applies also to committees of the board and incorporators and action by those committees and incorporators, *mutatis mutandis*.

SEC. 7. Section 314 of the Corporations Code is amended to read:

314. The original or a copy in writing or in any other form capable of being converted into clearly legible tangible form of the bylaws or of the minutes of any incorporators', shareholders', directors', committee or other meeting or of any resolution adopted by the board or a committee thereof, or shareholders, certified to be a true copy by a person purporting to be the secretary or an assistant secretary of the corporation, is *prima facie* evidence of the adoption of such bylaws or resolution or of the due holding of such meeting and of the matters stated therein.

SEC. 8. Section 600 of the Corporations Code is amended to read:

600. (a) Meetings of shareholders may be held at such place within or without this state as may be stated in or fixed in

1 accordance with the bylaws. If no other place is stated or so fixed,
2 shareholder meetings shall be held at the principal executive office
3 of the corporation. Unless prohibited by the bylaws of the
4 corporation, if authorized by the board of directors in its sole
5 discretion, and subject to the requirement of consent if clause (b)
6 of Section 20 and those guidelines and procedures as the board of
7 directors may adopt, shareholders not physically present in person
8 or by proxy at a meeting of shareholders may, by electronic
9 transmission by and to the corporation (Sections 20 and 21) or by
10 electronic video screen communication, participate in a meeting
11 of shareholders, be deemed present in person or by proxy, and vote
12 at a meeting of shareholders whether that meeting is to be held at
13 a designated place or in whole or in part by means of electronic
14 transmission by and to the corporation or by electronic video
15 screen communication, in accordance with subdivision (e).

16 (b) An annual meeting of shareholders shall be held for the
17 election of directors on a date and at a time stated in or fixed in
18 accordance with the bylaws. However, if the corporation is a
19 regulated management company, as defined in Section 23701m of
20 the Revenue and Taxation Code, a meeting of shareholders shall
21 be held as required by the Federal Investment Company Act of
22 1940 (15 U.S.C. Sec. 80a-1, et seq.). Any other proper business
23 may be transacted at the annual meeting.

24 (c) If there is a failure to hold the annual meeting for a period
25 of 60 days after the date designated therefor or, if no date has been
26 designated, for a period of 15 months after the organization of the
27 corporation or after its last annual meeting, the superior court of
28 the proper county may summarily order a meeting to be held upon
29 the application of any shareholder after notice to the corporation
30 giving it an opportunity to be heard. The shares represented at such
31 meeting, either in person or by proxy, and entitled to vote thereat
32 shall constitute a quorum for the purpose of such meeting,
33 notwithstanding any provision of the articles or bylaws or in this
34 division to the contrary. The court may issue such orders as may
35 be appropriate, including, without limitation, orders designating
36 the time and place of such meeting, the record date for
37 determination of shareholders entitled to vote and the form of
38 notice of such meeting.

39 (d) Special meetings of the shareholders may be called by the
40 board, the chairman of the board, the president or the holders of



1 shares entitled to cast not less than 10 percent of the votes at the
2 meeting or such additional persons as may be provided in the
3 articles or bylaws.

4 (e) A meeting of the shareholders may be conducted, in whole
5 or in part, by electronic transmission by and to the corporation or
6 by electronic video screen communication (1) if the corporation
7 implements reasonable measures to provide shareholders (in
8 person or by proxy) a reasonable opportunity to participate in the
9 meeting and to vote on matters submitted to the shareholders,
10 including an opportunity to read or hear the proceedings of the
11 meeting substantially concurrently with those proceedings, and
12 (2) if any shareholder votes or takes other action at the meeting by
13 means of electronic transmission to the corporation or electronic
14 video screen communication, a record of that vote or action is
15 maintained by the corporation.

16 SEC. 9. Section 601 of the Corporations Code is amended to
17 read:

18 601. (a) Whenever shareholders are required or permitted to
19 take any action at a meeting a written notice of the meeting shall
20 be given not less than 10 (or, if sent by third-class mail, 30) nor
21 more than 60 days before the date of the meeting to each
22 shareholder entitled to vote thereat. That notice shall state the
23 place, date and hour of the meeting, the means of electronic
24 transmission by and to the corporation (Sections 20 and 21) or
25 electronic video screen communication, if any, by which
26 shareholders may participate in that meeting, and (1) in the case
27 of a special meeting, the general nature of the business to be
28 transacted, and no other business may be transacted, or (2) in the
29 case of the annual meeting, those matters that the board, at the time
30 of the mailing of the notice, intends to present for action by the
31 shareholders, but subject to the provisions of subdivision (f) any
32 proper matter may be presented at the meeting for that action. The
33 notice of any meeting at which directors are to be elected shall
34 include the names of nominees intended at the time of the notice
35 to be presented by the board for election.

36 (b) Notice of a shareholders' meeting or any report shall be
37 given personally, by electronic transmission by the corporation, or
38 by first-class mail, or, in the case of a corporation with outstanding
39 shares held of record by 500 or more persons (determined as
40 provided in Section 605) on the record date for the shareholders'

1 meeting, notice may also be sent third-class mail, or other means
2 of written communication, addressed to the shareholder at the
3 address of that shareholder appearing on the books of the
4 corporation or given by the shareholder to the corporation for the
5 purpose of notice; or if no address appears or is given, at the place
6 where the principal executive office of the corporation is located
7 or by publication at least once in a newspaper of general
8 circulation in the county in which the principal executive office is
9 located. The notice or report shall be deemed to have been given
10 at the time when delivered personally, delivered by electronic
11 transmission by the corporation, deposited in the mail, or sent by
12 other means of written communication. An affidavit of mailing or
13 electronic transmission by the corporation of any notice or report
14 in accordance with the provisions of this division, executed by the
15 secretary, assistant secretary or any transfer agent, shall be prima
16 facie evidence of the giving of the notice or report.

17 If any notice or report addressed to the shareholder at the
18 address of that shareholder appearing on the books of the
19 corporation is returned to the corporation by the United States
20 Postal Service marked to indicate that the United States Postal
21 Service is unable to deliver the notice or report to the shareholder
22 at that address, all future notices or reports shall be deemed to have
23 been duly given without further mailing if the same shall be
24 available for the shareholder upon written demand of the
25 shareholder at the principal executive office of the corporation for
26 a period of one year from the date of the giving of the notice or
27 report to all other shareholders.

28 Notice given by electronic transmission by the corporation
29 under this subdivision shall be valid only if it complies with
30 Section 20. Notwithstanding the foregoing, notice shall not be
31 given by electronic transmission by the corporation under this
32 subdivision after either of the following:

33 (1) The corporation is unable to deliver two consecutive
34 notices to the shareholder by that means.

35 (2) The inability to so deliver the notices to the shareholder
36 becomes known to the secretary, any assistant secretary, the
37 transfer agent, or other person responsible for the giving of the
38 notice.



1 The inadvertent failure to deliver an effective notice by
2 electronic means by the corporation shall not invalidate any
3 meeting or other action.

4 (c) Upon request in writing to the corporation addressed to the
5 attention of the chairperson of the board, president, vice president
6 or secretary by any person (other than the board) entitled to call a
7 special meeting of shareholders, the officer forthwith shall cause
8 notice to be given to the shareholders entitled to vote that a meeting
9 will be held at a time requested by the person or persons calling the
10 meeting, not less than 35 nor more than 60 days after the receipt
11 of the request. If the notice is not given within 20 days after receipt
12 of the request, the persons entitled to call the meeting may give the
13 notice or the superior court of the proper county shall summarily
14 order the giving of the notice, after notice to the corporation giving
15 it an opportunity to be heard. The procedure provided in
16 subdivision (c) of Section 305 shall apply to that application. The
17 court may issue orders as may be appropriate, including, without
18 limitation, orders designating the time and place of the meeting,
19 the record date for determination of shareholders entitled to vote
20 and the form of notice.

21 (d) When a shareholders' meeting is adjourned to another time
22 or place, unless the bylaws otherwise require and except as
23 provided in this subdivision, notice need not be given of the
24 adjourned meeting if the time and place thereof (or the means of
25 electronic transmission by and to the corporation or electronic
26 video screen communication, if any, by which the shareholders
27 may participate) are announced at the meeting at which the
28 adjournment is taken. At the adjourned meeting the corporation
29 may transact any business that might have been transacted at the
30 original meeting. If the adjournment is for more than 45 days or
31 if after the adjournment a new record date is fixed for the
32 adjourned meeting, a notice of the adjourned meeting shall be
33 given to each shareholder of record entitled to vote at the meeting.

34 (e) The transactions of any meeting of shareholders, however
35 called and noticed, and wherever held, are as valid as though had
36 at a meeting duly held after regular call and notice, if a quorum is
37 present either in person or by proxy, and if, either before or after
38 the meeting, each of the persons entitled to vote, not present in
39 person or by proxy, provides a waiver of notice or consent to the
40 holding of the meeting or an approval of the minutes thereof in

1 writing. All those waivers, consents and approvals shall be filed
2 with the corporate records or made a part of the minutes of the
3 meeting. Attendance of a person at a meeting shall constitute a
4 waiver of notice of and presence at the meeting, except when the
5 person objects, at the beginning of the meeting, to the transaction
6 of any business because the meeting is not lawfully called or
7 convened and except that attendance at a meeting is not a waiver
8 of any right to object to the consideration of matters required by
9 this division to be included in the notice but not so included, if the
10 objection is expressly made at the meeting. Neither the business to
11 be transacted at nor the purpose of any regular or special meeting
12 of shareholders need be specified in any written waiver of notice,
13 consent to the holding of the meeting or approval of the minutes
14 thereof, unless otherwise provided in the articles or bylaws, except
15 as provided in subdivision (f).

16 (f) Any shareholder approval at a meeting, other than
17 unanimous approval by those entitled to vote, pursuant to Section
18 310, 902, 1152, 1201, 1900 or 2007 shall be valid only if the
19 general nature of the proposal so approved was stated in the notice
20 of meeting or in any written waiver of notice.

21 SEC. 10. Section 603 of the Corporations Code is amended to
22 read:

23 603. (a) Unless otherwise provided in the articles, any action
24 that may be taken at any annual or special meeting of shareholders
25 may be taken without a meeting and without prior notice, if a
26 consent in writing, setting forth the action so taken, shall be signed
27 by the holders of outstanding shares having not less than the
28 minimum number of votes that would be necessary to authorize or
29 take that action at a meeting at which all shares entitled to vote
30 thereon were present and voted.

31 (b) Unless the consents of all shareholders entitled to vote have
32 been solicited in writing, both of the following shall apply:

33 (1) Notice of any shareholder approval pursuant to Section
34 310, 317, 1152, 1201 or 2007 without a meeting by less than
35 unanimous written consent shall be given at least 10 days before
36 the consummation of the action authorized by that approval.
37 Notice shall be given as provided in subdivision (b) of Section 601.

38 (2) Prompt notice shall be given of the taking of any other
39 corporate action approved by shareholders without a meeting by
40 less than unanimous written consent, to those shareholders entitled



1 to vote who have not consented in writing. Notice shall be given
2 as provided in subdivision (b) of Section 601.

3 (c) Any shareholder giving a written consent, or the
4 shareholder's proxyholders, or a transferee of the shares or a
5 personal representative of the shareholder or their respective
6 proxyholders, may revoke the consent personally or by proxy by
7 a writing received by the corporation prior to the time that written
8 consents of the number of shares required to authorize the
9 proposed action have been filed with the secretary of the
10 corporation, but may not do so thereafter. The revocation is
11 effective upon its receipt by the secretary of the corporation.

12 (d) Notwithstanding subdivision (a), directors may not be
13 elected by written consent except by unanimous written consent of
14 all shares entitled to vote for the election of directors; provided that
15 the shareholders may elect a director to fill a vacancy, other than
16 a vacancy created by removal, by the written consent of a majority
17 of the outstanding shares entitled to vote.

18 SEC. 11. Section 1500 of the Corporations Code is amended
19 to read:

20 1500. Each corporation shall keep adequate and correct books
21 and records of account and shall keep minutes of the proceedings
22 of its shareholders, board and committees of the board and shall
23 keep at its principal executive office, or at the office of its transfer
24 agent or registrar, a record of its shareholders, giving the names
25 and addresses of all shareholders and the number and class of
26 shares held by each. Those minutes and other books and records
27 shall be kept either in written form or in another form capable of
28 being converted into clearly legible tangible form or in any
29 combination of the foregoing. When minutes and other books and
30 records are kept in a form capable of being converted into clearly
31 legible paper form, the clearly legible paper form into which those
32 minutes and other books and records are converted shall be
33 admissible in evidence, and accepted for all other purposes, to the
34 same extent as an original paper record of the same information
35 would have been, provided that the paper form accurately portrays
36 the record.

37 SEC. 12. Section 1501 of the Corporations Code is amended
38 to read:

39 1501. (a) The board shall cause an annual report to be sent to
40 the shareholders not later than 120 days after the close of the fiscal

1 year, unless in the case of a corporation with less than 100 holders
2 of record of its shares (determined as provided in Section 605) this
3 requirement is expressly waived in the bylaws. Unless otherwise
4 provided by the articles or bylaws and if approved by the board of
5 directors, that report and any accompanying material sent pursuant
6 to this section may be sent by electronic transmission by the
7 corporation (Section 20). This report shall contain a balance sheet
8 as of the end of that fiscal year and an income statement and
9 statement of changes in financial position for that fiscal year,
10 accompanied by any report thereon of independent accountants or,
11 if there is no such report, the certificate of an authorized officer of
12 the corporation that the statements were prepared without audit
13 from the books and records of the corporation.

14 Unless so waived, the report shall be sent to the shareholders at
15 least 15 (or, if sent by third-class mail, 35) days prior to the annual
16 meeting of shareholders to be held during the next fiscal year, but
17 this requirement shall not limit the requirement for holding an
18 annual meeting as required by Section 600.

19 Notwithstanding Section 114, the financial statements of any
20 corporation with fewer than 100 holders of record of its shares
21 (determined as provided in Section 605) required to be furnished
22 by this subdivision and subdivision (c) are not required to be
23 prepared in conformity with generally accepted accounting
24 principles if they reasonably set forth the assets and liabilities and
25 the income and expense of the corporation and disclose the
26 accounting basis used in their preparation.

27 (b) In addition to the financial statements required by
28 subdivision (a), the annual report of any corporation having 100
29 or more holders of record of its shares (determined as provided in
30 Section 605) either not subject to the reporting requirements of
31 Section 13 of the Securities Exchange Act of 1934, or exempted
32 from those reporting requirements by Section 12(g)(2) of that act,
33 shall also describe briefly both of the following:

34 (1) Any transaction (excluding compensation of officers and
35 directors) during the previous fiscal year involving an amount in
36 excess of forty thousand dollars (\$40,000) (other than contracts let
37 at competitive bid or services rendered at prices regulated by law)
38 to which the corporation or its parent or subsidiary was a party and
39 in which any director or officer of the corporation or of a
40 subsidiary or (if known to the corporation or its parent or



1 subsidiary) any holder of more than 10 percent of the outstanding
2 voting shares of the corporation had a direct or indirect material
3 interest, naming the person and stating the person's relationship to
4 the corporation, the nature of the person's interest in the
5 transaction and, where practicable, the amount of the interest;
6 provided that in the case of a transaction with a partnership of
7 which the person is a partner, only the interest of the partnership
8 need be stated; and provided further that no such report need be
9 made in the case of any transaction approved by the shareholders
10 (Section 153).

11 (2) The amount and circumstances of any indemnification or
12 advances aggregating more than ten thousand dollars (\$10,000)
13 paid during the fiscal year to any officer or director of the
14 corporation pursuant to Section 317; provided that no such report
15 need be made in the case of indemnification approved by the
16 shareholders (Section 153) under paragraph (2) of subdivision (e)
17 of Section 317.

18 (c) If no annual report for the last fiscal year has been sent to
19 shareholders, the corporation shall, upon the written request of any
20 shareholder made more than 120 days after the close of that fiscal
21 year, deliver or mail to the person making the request within 30
22 days thereafter the financial statements required by subdivision (a)
23 for that year. A shareholder or shareholders holding at least 5
24 percent of the outstanding shares of any class of a corporation may
25 make a written request to the corporation for an income statement
26 of the corporation for the three-month, six-month or nine-month
27 period of the current fiscal year ended more than 30 days prior to
28 the date of the request and a balance sheet of the corporation as of
29 the end of the period and, in addition, if no annual report for the
30 last fiscal year has been sent to shareholders, the statements
31 referred to in subdivision (a) for the last fiscal year. The statements
32 shall be delivered or mailed to the person making the request
33 within 30 days thereafter. A copy of the statements shall be kept
34 on file in the principal office of the corporation for 12 months and
35 it shall be exhibited at all reasonable times to any shareholder
36 demanding an examination of the statements or a copy shall be
37 mailed to the shareholder.

38 (d) The quarterly income statements and balance sheets
39 referred to in this section shall be accompanied by the report
40 thereon, if any, of any independent accountants engaged by the

1 corporation or the certificate of an authorized officer of the
2 corporation that the financial statements were prepared without
3 audit from the books and records of the corporation.

4 (e) In addition to the penalties provided for in Section 2200, the
5 superior court of the proper county shall enforce the duty of
6 making and mailing or delivering the information and financial
7 statements required by this section and, for good cause shown,
8 may extend the time therefor.

9 (f) In any action or proceeding under this section, if the court
10 finds the failure of the corporation to comply with the
11 requirements of this section to have been without justification, the
12 court may award an amount sufficient to reimburse the shareholder
13 for the reasonable expenses incurred by the shareholder, including
14 attorneys' fees, in connection with the action or proceeding.

15 (g) This section applies to any domestic corporation and also
16 to a foreign corporation having its principal executive office in this
17 state or customarily holding meetings of its board in this state.

18 SEC. 13. Section 5079 of the Corporations Code is amended
19 to read:

20 5079. "Written" or "in writing" includes facsimile,
21 telegraphic, and other electronic communication as authorized by
22 this code, *including an electronic transmission by a corporation*
23 *that satisfies the requirements of Section 20.*

24 SEC. 14. Section 5211 of the Corporations Code is amended
25 to read:

26 5211. (a) Unless otherwise provided in the articles or in the
27 bylaws, all of the following apply:

28 (1) Meetings of the board may be called by the chair of the
29 board or the president or any vice president or the secretary or any
30 two directors.

31 (2) Regular meetings of the board may be held without notice
32 if the time and place of the meetings are fixed by the bylaws or the
33 board. Special meetings of the board shall be held upon four days'
34 notice by first-class mail or 48 hours' notice delivered personally
35 or by telephone, including a voice messaging system or by
36 electronic transmission by the corporation (Section 20). The
37 articles or bylaws may not dispense with notice of a special
38 meeting. A notice, or waiver of notice, need not specify the
39 purpose of any regular or special meeting of the board.



1 (3) Notice of a meeting need not be given to a director who
2 provides a waiver of notice or consent to holding the meeting or
3 an approval of the minutes thereof in writing, whether before or
4 after the meeting, or who attends the meeting without protesting,
5 prior thereto or at its commencement, the lack of notice to that
6 director. These waivers, consents and approvals shall be filed with
7 the corporate records or made a part of the minutes of the meetings.

8 (4) A majority of the directors present, whether or not a quorum
9 is present, may adjourn any meeting to another time and place. If
10 the meeting is adjourned for more than 24 hours, notice of an
11 adjournment to another time or place shall be given prior to the
12 time of the adjourned meeting to the directors who were not
13 present at the time of the adjournment.

14 (5) Meetings of the board may be held at a place within or
15 without the state that has been designated in the notice of the
16 meeting or, if not stated in the notice or there is no notice,
17 designated in the bylaws or by resolution of the board.

18 (6) Members of the board may participate in a meeting through
19 use of conference telephone, electronic video screen
20 communication or electronic transmission by and to the
21 corporation (Sections 20 and 21). Participation in a meeting
22 through use of conference telephone or electronic video screen
23 communication pursuant to this subdivision constitutes presence
24 in person at that meeting as long as all members participating in
25 the meeting are able to hear one another. Participation in a meeting
26 through use of electronic transmission by and to the corporation,
27 other than conference telephone and electronic video screen
28 communication, pursuant to this subdivision constitutes presence
29 in person at that meeting if both of the following apply:

30 (A) Each member participating in the meeting can
31 communicate with all of the other members substantially
32 concurrently.

33 (B) Each member is provided the means of participating in all
34 matters before the board, including, without limitation, the
35 capacity to propose, or to interpose an objection to, a specific
36 action to be taken by the corporation.

37 (7) A majority of the number of directors authorized in the
38 articles or bylaws constitutes a quorum of the board for the
39 transaction of business. The articles or bylaws may not provide
40 that a quorum shall be less than one-fifth the number of directors

1 authorized in the articles or bylaws, or less than two, whichever is
2 larger, unless the number of directors authorized in the articles or
3 bylaws is one, in which case one director constitutes a quorum.

4 (8) Subject to the provisions of Sections 5212, 5233, 5234,
5 5235, and subdivision (e) of Section 5238, an act or decision done
6 or made by a majority of the directors present at a meeting duly
7 held at which a quorum is present is the act of the board. The
8 articles or bylaws may not provide that a lesser vote than a majority
9 of the directors present at a meeting is the act of the board. A
10 meeting at which a quorum is initially present may continue to
11 transact business notwithstanding the withdrawal of directors, if
12 any action taken is approved by at least a majority of the required
13 quorum for that meeting, or a greater number required by this
14 division, the articles or bylaws.

15 (b) An action required or permitted to be taken by the board
16 may be taken without a meeting, if all members of the board shall
17 individually or collectively consent in writing to that action. The
18 written consent or consents shall be filed with the minutes of the
19 proceedings of the board. The action by written consent shall have
20 the same force and effect as the unanimous vote of the directors.
21 For the purposes of this section only, “all members of the board”
22 does not include an “interested director” as defined in Section
23 5233.

24 (c) The provisions of this section apply also to incorporators,
25 to committees of the board, and to action by those incorporators
26 or committees mutatis mutandis.

27 SEC. 15. Section 5215 of the Corporations Code is amended
28 to read:

29 5215. The original or a copy in writing or in any other form
30 capable of being converted into clearly legible tangible form of the
31 bylaws or of the minutes of any incorporators’, members’,
32 directors’, committee or other meeting or of any resolution
33 adopted by the board or a committee thereof, or members, certified
34 to be a true copy by a person purporting to be the secretary or an
35 assistant secretary of the corporation, is prima facie evidence of the
36 adoption of such bylaws or resolution or of the due holding of such
37 meeting and of the matters stated therein.

38 SEC. 16. Section 5510 of the Corporations Code is amended
39 to read:



5510. (a) Meetings of members may be held at a place within or without this state as may be stated in or fixed in accordance with the bylaws. If no other place is stated or so fixed, meetings of members shall be held at the principal executive office of the corporation. Unless prohibited by the bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to the requirement of consent in clause (b) of Section 20 and those guidelines and procedures as the board of directors may adopt, members not physically present in person (or, if proxies are allowed, by proxy) at a meeting of members may, by electronic transmission by and to the corporation (Sections 20 and 21) or by electronic video screen communication, participate in a meeting of members, be deemed present in person (or, if proxies are allowed, by proxy), and vote at a meeting of members whether that meeting is to be held at a designated place or in whole or in part by means of electronic transmission by and to the corporation or by electronic video screen communication, in accordance with subdivision (f).

(b) A regular meeting of members shall be held on a date and time, and with the frequency stated in or fixed in accordance with the bylaws, but in any event in each year in which directors are to be elected at that meeting for the purpose of conducting such election, and to transact any other proper business which may be brought before the meeting.

(c) If a corporation with members is required by subdivision (b) to hold a regular meeting and fails to hold the regular meeting for a period of 60 days after the date designated therefor or, if no date has been designated, for a period of 15 months after the formation of the corporation, or after its last regular meeting, or if the corporation fails to hold a written ballot for a period of 60 days after the date designated therefor, then the superior court of the proper county may summarily order the meeting to be held or the ballot to be conducted upon the application of a member or the Attorney General, after notice to the corporation giving it an opportunity to be heard.

(d) The votes represented, either in person (or, if proxies are allowed, by proxy), at a meeting called or by written ballot ordered pursuant to subdivision (c), and entitled to be cast on the business to be transacted shall constitute a quorum, notwithstanding any provision of the articles or bylaws or in this part to the contrary.

1 The court may issue such orders as may be appropriate including,
2 without limitation, orders designating the time and place of the
3 meeting, the record date for determination of members entitled to
4 vote, and the form of notice of the meeting.

5 (e) Special meetings of members for any lawful purpose may
6 be called by the board, the chairman of the board, the president, or
7 such other persons, if any, as are specified in the bylaws. In
8 addition, special meetings of members for any lawful purpose may
9 be called by 5 percent or more of the members.

10 (f) A meeting of the members may be conducted, in whole or
11 in part, by electronic transmission by and to the corporation or by
12 electronic video screen communication (1) if the corporation
13 implements reasonable measures to provide members in person
14 (or, if proxies are allowed, by proxy) a reasonable opportunity to
15 participate in the meeting and to vote on matters submitted to the
16 members, including an opportunity to read or hear the proceedings
17 of the meeting substantially concurrently with those proceedings,
18 and (2) if any member votes or takes other action at the meeting
19 by means of electronic transmission to the corporation or
20 electronic video screen communication, a record of that vote or
21 action is maintained by the corporation.

22 SEC. 17. Section 5511 of the Corporations Code is amended
23 to read:

24 5511. (a) Whenever members are required or permitted to
25 take any action at a meeting, a written notice of the meeting shall
26 be given not less than 10 nor more than 90 days before the date of
27 the meeting to each member who, on the record date for notice of
28 the meeting, is entitled to vote thereat; provided, however, that if
29 notice is given by mail, and the notice is not mailed by first-class,
30 registered, or certified mail, that notice shall be given not less than
31 20 days before the meeting. Subject to subdivision (f), and
32 subdivision (b) of Section 5512, that notice shall state the place,
33 date and time of the meeting, the means of electronic transmission
34 by and to the corporation (Sections 20 and 21) or electronic video
35 screen communication, if any, by which members may participate
36 in that meeting, and (1) in the case of a special meeting, the general
37 nature of the business to be transacted, and no other business may
38 be transacted, or (2) in the case of the regular meeting, those
39 matters which the board, at the time the notice is given, intends to
40 present for action by the members, but, except as provided in



subdivision (b) of Section 5512, any proper matter may be presented at the meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to members.

(b) Notice of a members' meeting or any report shall be given personally, by electronic transmission by the corporation, or by mail or other means of written communication, addressed to the member at the address of such member appearing on the books of the corporation or given by the member to the corporation for purpose of notice; or if no such address appears or is given, at the place where the principal office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. An affidavit of giving of any notice or report in accordance with the provisions of this part, executed by the secretary, assistant secretary or any transfer agent, shall be prima facie evidence of the giving of the notice or report.

If any notice or report addressed to a member at the address of such member appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the member at such address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the member upon written demand of the member at the principal office of the corporation for a period of one year from the date of the giving of the notice or report to all other members.

Notice given by electronic transmission by the corporation under this subdivision shall be valid only if it complies with Section 20. Notwithstanding the foregoing, notice shall not be given by electronic transmission by the corporation under this subdivision after either of the following:

(1) The corporation is unable to deliver two consecutive notices to the member by that means.

(2) The inability to so deliver the notices to the member becomes known to the secretary, any assistant secretary, the transfer agent, or other person responsible for the giving of the notice.

1 The inadvertent failure to deliver an effective notice by
2 electronic means by the corporation shall not invalidate any
3 meeting or other action.

4 (c) Upon request in writing to the corporation addressed to the
5 attention of the chairman of the board, president, vice president or
6 secretary by any person (other than the board) entitled to call a
7 special meeting of members, the officer forthwith shall cause
8 notice to be given to the members entitled to vote that a meeting
9 will be held at a time fixed by the board, not less than 35 nor more
10 than 90 days after the receipt of the request. If the notice is not
11 given within 20 days after receipt of the request, the persons
12 entitled to call the meeting may give the notice or the superior
13 court of the proper county shall summarily order the giving of the
14 notice, after notice to the corporation giving it an opportunity to
15 be heard. The court may issue such orders as may be appropriate,
16 including, without limitation, orders designating the time and
17 place of the meeting, the record date for determination of members
18 entitled to vote and the form of notice.

19 (d) When a members' meeting is adjourned to another time or
20 place, unless the bylaws otherwise require and except as provided
21 in this subdivision, notice need not be given of the adjourned
22 meeting if the time and place thereof (or the means of electronic
23 transmission by and to the corporation or electronic video screen
24 communication, if any, by which members may participate) are
25 announced at the meeting at which the adjournment is taken. No
26 meeting may be adjourned for more than 45 days. At the adjourned
27 meeting the corporation may transact any business which might
28 have been transacted at the original meeting. If after the
29 adjournment a new record date is fixed for notice or voting, a
30 notice of the adjourned meeting shall be given to each member
31 who, on the record date for notice of the meeting, is entitled to vote
32 at the meeting.

33 (e) The transactions of any meeting of members, however
34 called and noticed, and wherever held, are as valid as though had
35 at a meeting duly held after regular call and notice, if a quorum is
36 present either in person or by proxy, and if, either before or after
37 the meeting, each of the persons entitled to vote, not present in
38 person or by proxy, provides a waiver of notice or consent to the
39 holding of the meeting or an approval of the minutes thereof in
40 writing. All such waivers, consents and approvals shall be filed



1 with the corporate records or made a part of the minutes of the
2 meeting. Attendance of a person at a meeting shall constitute a
3 waiver of notice of and presence at such meeting, except when the
4 person objects, at the beginning of the meeting, to the transaction
5 of any business because the meeting is not lawfully called or
6 convened and except that attendance at a meeting is not a waiver
7 of any right to object to the consideration of matters required by
8 this part to be included in the notice but not so included, if such
9 objection is expressly made at the meeting. Neither the business to
10 be transacted at nor the purpose of any regular or special meeting
11 of members need be specified in any written waiver of notice,
12 consent to the holding of the meeting or approval of the minutes
13 thereof, unless otherwise provided in the articles or bylaws, except
14 as provided in subdivision (f).

15 (f) Any approval of the members required under Section 5222,
16 5224, 5812, or 6610, other than unanimous approval by those
17 entitled to vote, shall be valid only if the general nature of the
18 proposal so approved was stated in the notice of meeting or in any
19 written waiver of notice.

20 (g) A court may find that notice not given in conformity with
21 this section is still valid, if it was given in a fair and reasonable
22 manner.

23 SEC. 18. Section 5513 of the Corporations Code is amended
24 to read:

25 5513. (a) Subject to subdivision (e), and unless prohibited in
26 the articles or bylaws, any action which may be taken at any
27 regular or special meeting of members may be taken without a
28 meeting if the corporation distributes a written ballot to every
29 member entitled to vote on the matter. Unless otherwise provided
30 by the articles or bylaws and if approved by the board of directors,
31 that ballot and any related material may be sent by electronic
32 transmission by the corporation (Section 20) and responses may
33 be returned to the corporation by electronic transmission to the
34 corporation (Section 21). That ballot shall set forth the proposed
35 action, provide an opportunity to specify approval or disapproval
36 of any proposal, and provide a reasonable time within which to
37 return the ballot to the corporation.

38 (b) Approval by written ballot pursuant to this section shall be
39 valid only when the number of votes cast by ballot within the time
40 period specified equals or exceeds the quorum required to be

1 present at a meeting authorizing the action, and the number of
2 approvals equals or exceeds the number of votes that would be
3 required to approve at a meeting at which the total number of votes
4 cast was the same as the number of votes cast by ballot.

5 (c) Ballots shall be solicited in a manner consistent with the
6 requirements of subdivision (b) of Section 5511, and Section
7 5514. All such solicitations shall indicate the number of responses
8 needed to meet the quorum requirement and, with respect to
9 ballots other than for the election of directors, shall state the
10 percentage of approvals necessary to pass the measure submitted.
11 The solicitation must specify the time by which the ballot must be
12 received in order to be counted.

13 (d) Unless otherwise provided in the articles or bylaws, a
14 written ballot may not be revoked.

15 (e) Directors may be elected by written ballot under this
16 section, where authorized by the articles or bylaws, except that
17 election by written ballot may not be authorized where the
18 directors are elected by cumulative voting pursuant to Section
19 5616.

20 (f) When directors are to be elected by written ballot and the
21 articles or bylaws prescribe a nomination procedure, the procedure
22 may provide for a date for the close of nominations prior to the
23 printing and distributing of the written ballots.

24 SEC. 19. Section 6320 of the Corporations Code is amended
25 to read:

26 6320. (a) Each corporation shall keep:

27 (1) Adequate and correct books and records of account;

28 (2) Minutes of the proceedings of its members, board and
29 committees of the board; and

30 (3) A record of its members giving their names and addresses
31 and the class of membership held by each.

32 (b) Those minutes and other books and records shall be kept
33 either in written form or in any other form capable of being
34 converted into clearly legible tangible form or in any combination
35 of the foregoing. When minutes and other books and records are
36 kept in a form capable of being converted into clearly legible paper
37 form, the clearly legible paper form into which those minutes and
38 other books and records are converted shall be admissible in
39 evidence, and accepted for all other purposes, to the same extent

1 as an original paper record of the same information would have
2 been, provided that the paper form accurately portrays the record.

3 SEC. 20. Section 6321 of the Corporations Code is amended
4 to read:

5 6321. (a) Except as provided in subdivision (c), (d), or (f), the
6 board shall cause an annual report to be sent to the members not
7 later than 120 days after the close of the corporation's fiscal year.
8 Unless otherwise provided by the articles or bylaws and if
9 approved by the board of directors, that report and any
10 accompanying material sent pursuant to this section may be sent
11 by electronic transmission by the corporation (Section 20). That
12 report shall contain in appropriate detail the following:

13 (1) The assets and liabilities, including the trust funds, of the
14 corporation as of the end of the fiscal year.

15 (2) The principal changes in assets and liabilities, including
16 trust funds, during the fiscal year.

17 (3) The revenue or receipts of the corporation, both
18 unrestricted and restricted to particular purposes, for the fiscal
19 year.

20 (4) The expenses or disbursements of the corporation, for both
21 general and restricted purposes, during the fiscal year.

22 (5) Any information required by Section 6322.

23 (b) The report required by subdivision (a) shall be
24 accompanied by any report thereon of independent accountants,
25 or, if there is no such report, the certificate of an authorized officer
26 of the corporation that such statements were prepared without
27 audit from the books and records of the corporation.

28 (c) Subdivision (a) does not apply to any corporation which
29 receives less than twenty-five thousand dollars (\$25,000) in gross
30 revenues or receipts during the fiscal year.

31 (d) Where a corporation has provided, pursuant to Section
32 5510, for regular meetings of members less often than annually,
33 then the report required by subdivision (a) need be made to
34 members only with the frequency with which regular membership
35 meetings are required, unless the articles or bylaws require a report
36 more often.

37 (e) Subdivisions (c) and (d) notwithstanding, a report with the
38 information required by subdivision (a) shall be furnished
39 annually to:

40 (1) All directors of the corporation; and

1 (2) Any member who requests it in writing.

2 (f) A corporation which in writing solicits contributions from
3 500 or more persons need not send the report otherwise required
4 by subdivision (a) if it does all of the following:

5 (i) Includes with any written material used to solicit
6 contributions a written statement that its latest annual report will
7 be mailed upon request and that such request may be sent to the
8 corporation at a name and address which is set forth in the
9 statement.

10 The term “annual report” as used in this subdivision refers to
11 the report required by subdivision (a).

12 (ii) Promptly mails a copy of its latest annual report to any
13 person who requests a copy thereof; and

14 (iii) Causes its annual report to be published not later than 120
15 days after the close of its fiscal year in a newspaper of general
16 circulation in the county in which its principal office is located.

17 SEC. 21. Section 6322 of the Corporations Code is amended
18 to read:

19 6322. (a) Any provision of the articles or bylaws
20 notwithstanding, every corporation shall furnish annually to its
21 members and directors a statement of any transaction or
22 indemnification of a kind described in subdivision (d) or (e), if any
23 such transaction or indemnification took place. If the corporation
24 issues an annual report to all members, this subdivision shall be
25 satisfied by including the required information in the annual
26 report. A corporation which does not issue an annual report to all
27 members, pursuant to subdivision (c) or (d) of Section 6321, shall
28 satisfy this section by mailing or delivering to its members the
29 required statement within 120 days after the close of the
30 corporation’s fiscal year. Unless otherwise provided by the articles
31 or bylaws and if approved by the board of directors, that statement
32 may be sent by electronic transmission by the corporation (Section
33 20).

34 (b) Except as provided in subdivision (c), a covered transaction
35 under this section is a transaction in which the corporation, its
36 parent, or its subsidiary was a party, and in which either of the
37 following had a direct or indirect material financial interest:

38 (1) Any director or officer of the corporation, or its parent or
39 subsidiary.

1 (2) Any holder of more than 10 percent of the voting power of
2 the corporation, its parent or its subsidiary.

3 For the purpose of subdivision (d), an “interested person” is any
4 person described in paragraph (1) or (2) of this subdivision.

5 (c) For the purpose of subdivision (b), a mere common
6 directorship is not a material financial interest.

7 (d) The statement required by subdivision (a) shall describe
8 briefly:

9 (1) Any covered transaction during the previous fiscal year
10 involving more than fifty thousand dollars (\$50,000), or which
11 was one of a number of covered transactions in which the same
12 interested person had a direct or indirect material financial interest,
13 and which transactions in the aggregate involved more than fifty
14 thousand dollars (\$50,000).

15 (2) The names of the interested persons involved in such
16 transactions, stating such person’s relationship to the corporation,
17 the nature of such person’s interest in the transaction and, where
18 practicable, the amount of such interest; provided, that in the case
19 of a transaction with a partnership of which such person is a
20 partner, only the interest of the partnership need be stated.

21 (e) The statement required by subdivision (a) shall describe
22 briefly the amount and circumstances of any indemnifications or
23 advances aggregating more than ten thousand dollars (\$10,000)
24 paid during the fiscal year to any officer or director of the
25 corporation pursuant to Section 5238; provided that no such report
26 need be made in the case of indemnification approved by the
27 members (Section 5034) under paragraph (2) of subdivision (e) of
28 Section 5238.

29 SEC. 22. Section 7211 of the Corporations Code is amended
30 to read:

31 7211. (a) Unless otherwise provided in the articles or in the
32 bylaws, all of the following apply:

33 (1) Meetings of the board may be called by the chair of the
34 board or the president or any vice president or the secretary or any
35 two directors.

36 (2) Regular meetings of the board may be held without notice
37 if the time and place of the meetings are fixed by the bylaws or the
38 board. Special meetings of the board shall be held upon four days’
39 notice by first-class mail or 48 hours’ notice delivered personally
40 or by telephone, including a voice messaging system or by

1 electronic transmission by the corporation (Section 20). The
2 articles or bylaws may not dispense with notice of a special
3 meeting. A notice, or waiver of notice, need not specify the
4 purpose of any regular or special meeting of the board.

5 (3) Notice of a meeting need not be given to a director who
6 provided a waiver of notice or consent to holding the meeting or
7 an approval of the minutes thereof in writing, whether before or
8 after the meeting, or who attends the meeting without protesting,
9 prior thereto or at its commencement, the lack of notice to that
10 director. These waivers, consents and approvals shall be filed with
11 the corporate records or made a part of the minutes of the meetings.

12 (4) A majority of the directors present, whether or not a quorum
13 is present, may adjourn any meeting to another time and place. If
14 the meeting is adjourned for more than 24 hours, notice of an
15 adjournment to another time or place shall be given prior to the
16 time of the adjourned meeting to the directors who were not
17 present at the time of the adjournment.

18 (5) Meetings of the board may be held at a place within or
19 without the state that has been designated in the notice of the
20 meeting or, if not stated in the notice or if there is no notice,
21 designated in the bylaws or by resolution of the board.

22 (6) Members of the board may participate in a meeting through
23 use of conference telephone, electronic video screen
24 communication, or electronic transmission by and to the
25 corporation (Sections 20 and 21). Participation in a meeting
26 through use of conference telephone or electronic video screen
27 communication pursuant to this subdivision constitutes presence
28 in person at that meeting as long as all members participating in
29 the meeting are able to hear one another. Participation in a meeting
30 through use of electronic transmission by and to the corporation,
31 other than conference telephone and electronic video screen
32 communication, pursuant to this subdivision constitutes presence
33 in person at that meeting if both of the following apply:

34 (A) Each member participating in the meeting can
35 communicate with all of the other members substantially
36 concurrently.

37 (B) Each member is provided the means of participating in all
38 matters before the board, including, without limitation, the
39 capacity to propose, or to interpose an objection to, a specific
40 action to be taken by the corporation.



1 (7) A majority of the number of directors authorized in the
2 articles or bylaws constitutes a quorum of the board for the
3 transaction of business. The articles or bylaws may not provide
4 that a quorum shall be less than one-fifth the number of directors
5 authorized in the articles or bylaws, or less than two, whichever is
6 larger, unless the number of directors authorized in the articles or
7 bylaws is one, in which case one director constitutes a quorum.

8 (8) Subject to the provisions of Sections 7212, 7233, 7234, and
9 subdivision (e) of Section 7237 and Section 5233, insofar as it is
10 made applicable pursuant to Section 7238, an act or decision done
11 or made by a majority of the directors present at a meeting duly
12 held at which a quorum is present is the act of the board. The
13 articles or bylaws may not provide that a lesser vote than a majority
14 of the directors present at a meeting is the act of the board. A
15 meeting at which a quorum is initially present may continue to
16 transact business notwithstanding the withdrawal of directors, if
17 any action taken is approved by at least a majority of the required
18 quorum for that meeting, or a greater number required by this
19 division, the articles or bylaws.

20 (b) An action required or permitted to be taken by the board
21 may be taken without a meeting, if all members of the board shall
22 individually or collectively consent in writing to that action. The
23 written consent or consents shall be filed with the minutes of the
24 proceedings of the board. The action by written consent shall have
25 the same force and effect as a unanimous vote of the directors. For
26 the purposes of this section only, “all members of the board” does
27 not include an “interested director” as defined in Section 5233,
28 insofar as it is made applicable pursuant to Section 7238.

29 (c) This section applies also to incorporators, to committees of
30 the board, and to action by those incorporators or committees
31 *mutatis mutandis*.

32 SEC. 23. Section 7215 of the Corporations Code is amended
33 to read:

34 7215. The original or a copy in writing or in any other form
35 capable of being converted into clearly legible tangible form of the
36 bylaws or of the minutes of any incorporators’, members’,
37 directors’, committee or other meeting or of any resolution
38 adopted by the board or a committee thereof, or members, certified
39 to be a true copy by a person purporting to be the secretary or an
40 assistant secretary of the corporation, is prima facie evidence of the

1 adoption of such bylaws or resolution or of the due holding of such
2 meeting and of the matters stated therein.

3 SEC. 24. Section 7510 of the Corporations Code is amended
4 to read:

5 7510. (a) Meetings of members may be held at a place within
6 or without this state as may be stated in or fixed in accordance with
7 the bylaws. If no other place is stated or so fixed, meetings of
8 members shall be held at the principal executive office of the
9 corporation. Unless prohibited by the bylaws of the corporation,
10 if authorized by the board of directors in its sole discretion, and
11 subject to the requirement of consent in clause (b) of Section 20
12 and those guidelines and procedures as the board of directors may
13 adopt, members not physically present in person (or, if proxies are
14 allowed, by proxy) at a meeting of members may, by electronic
15 transmission by and to the corporation (Sections 20 and 21) or by
16 electronic video screen communication, participate in a meeting
17 of members, be deemed present in person (or, if proxies are
18 allowed, by proxy), and vote at a meeting of members whether that
19 meeting is to be held at a designated place or in whole or in part
20 by means of electronic transmission by and to the corporation or
21 by electronic video screen communication, in accordance with
22 subdivision (f).

23 (b) A regular meeting of members shall be held on a date and
24 time, and with the frequency stated in or fixed in accordance with
25 the bylaws, but in any event in each year in which directors are to
26 be elected at that meeting for the purpose of conducting such
27 election, and to transact any other proper business which may be
28 brought before the meeting.

29 (c) If a corporation with members is required by subdivision (b)
30 to hold a regular meeting and fails to hold the regular meeting for
31 a period of 60 days after the date designated therefor or, if no date
32 has been designated, for a period of 15 months after the formation
33 of the corporation or after its last regular meeting, or if the
34 corporation fails to hold a written ballot for a period of 60 days
35 after the date designated therefor, then the superior court of the
36 proper county may summarily order the meeting to be held or the
37 ballot to be conducted upon the application of a member or the
38 Attorney General, after notice to the corporation giving it an
39 opportunity to be heard.



(d) The votes represented, either in person (or, if proxies are allowed, by proxy), at a meeting called or by written ballot ordered pursuant to subdivision (c), and entitled to be cast on the business to be transacted shall constitute a quorum, notwithstanding any provision of the articles or bylaws or in this part to the contrary. The court may issue such orders as may be appropriate including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote, and the form of notice of the meeting.

(e) Special meetings of members for any lawful purpose may be called by the board, the chairman of the board, the president, or such other persons, if any, as are specified in the bylaws. In addition, special meetings of members for any lawful purpose may be called by 5 percent or more of the members.

(f) A meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the corporation or by electronic video screen communication (1) if the corporation implements reasonable measures to provide members in person (or, if proxies are allowed, by proxy) a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, and (2) if any member votes or takes other action at the meeting by means of electronic transmission to the corporation or electronic video screen communication, a record of that vote or action is maintained by the corporation.

SEC. 25. Section 7511 of the Corporations Code is amended to read:

7511. (a) Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than 10 nor more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote thereat; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting. Subject to subdivision (f), and subdivision (b) of Section 7512, the notice shall state the place, date and time of the meeting, the means of electronic transmission by and to the corporation (Sections 20 and 21) or electronic video screen communication, if any, by which members may participate

1 in that meeting, and (1) in the case of a special meeting, the
2 general nature of the business to be transacted, and no other
3 business may be transacted, or (2) in the case of the regular
4 meeting, those matters which the board, at the time the notice is
5 given, intends to present for action by the members, but, except as
6 provided in subdivision (b) of Section 7512, any proper matter
7 may be presented at the meeting for the action. The notice of any
8 meeting at which directors are to be elected shall include the names
9 of all those who are nominees at the time the notice is given to
10 members.

11 (b) Notice of a members' meeting or any report shall be given
12 personally, by electronic transmission by a corporation, or by mail
13 or other means of written communication, addressed to a member
14 at the address of the member appearing on the books of the
15 corporation or given by the member to the corporation for purpose
16 of notice; or if no such address appears or is given, at the place
17 where the principal office of the corporation is located or by
18 publication at least once in a newspaper of general circulation in
19 the county in which the principal office is located. An affidavit of
20 giving of any notice or report in accordance with the provisions of
21 this part, executed by the secretary, assistant secretary or any
22 transfer agent, shall be prima facie evidence of the giving of the
23 notice or report.

24 If any notice or report addressed to the member at the address
25 of the member appearing on the books of the corporation is
26 returned to the corporation by the United States Postal Service
27 marked to indicate that the United States Postal Service is unable
28 to deliver the notice or report to the member at the address, all
29 future notices or reports shall be deemed to have been duly given
30 without further mailing if the same shall be available for the
31 member upon written demand of the member at the principal office
32 of the corporation for a period of one year from the date of the
33 giving of the notice or report to all other members.

34 Notice given by electronic transmission by the corporation
35 under this subdivision shall be valid only if it complies with
36 Section 20. Notwithstanding the foregoing, notice shall not be
37 given by electronic transmission by the corporation under this
38 subdivision after either of the following:

39 (1) The corporation is unable to deliver two consecutive
40 notices to the member by that means.



1 (2) The inability to so deliver the notices to the member
2 becomes known to the secretary, any assistant secretary, the
3 transfer agent, or other person responsible for the giving of the
4 notice.

5 The inadvertent failure to deliver an effective notice by
6 electronic means by the corporation shall not invalidate any
7 meeting or other action.

8 (c) Upon request in writing to the corporation addressed to the
9 attention of the chairman of the board, president, vice president,
10 or secretary by any person (other than the board) entitled to call a
11 special meeting of members, the officer forthwith shall cause
12 notice to be given to the members entitled to vote that a meeting
13 will be held at a time fixed by the board not less than 35 nor more
14 than 90 days after the receipt of the request. If the notice is not
15 given within 20 days after receipt of the request, the persons
16 entitled to call the meeting may give the notice or the superior
17 court of the proper county shall summarily order the giving of the
18 notice, after notice to the corporation giving it an opportunity to
19 be heard. The court may issue such orders as may be appropriate,
20 including, without limitation, orders designating the time and
21 place of the meeting, the record date for determination of members
22 entitled to vote, and the form of notice.

23 (d) When a members' meeting is adjourned to another time or
24 place, unless the bylaws otherwise require and except as provided
25 in this subdivision, notice need not be given of the adjourned
26 meeting if the time and place thereof (or the means of electronic
27 transmission by and to the corporation or electronic video screen
28 communication, if any, by which members may participate) are
29 announced at the meeting at which the adjournment is taken. No
30 meeting may be adjourned for more than 45 days. At the adjourned
31 meeting the corporation may transact any business which might
32 have been transacted at the original meeting. If after the
33 adjournment a new record date is fixed for notice or voting, a
34 notice of the adjourned meeting shall be given to each member
35 who, on the record date for notice of the meeting, is entitled to vote
36 at the meeting.

37 (e) The transactions of any meeting of members however
38 called and noticed, and wherever held, are as valid as though had
39 at a meeting duly held after regular call and notice, if a quorum is
40 present either in person or by proxy, and if, either before or after

1 the meeting, each of the persons entitled to vote, not present in
2 person (or, if proxies are allowed, by proxy), provides a waiver of
3 notice or consent to the holding of the meeting or an approval of
4 the minutes thereof in writing. All such waivers, consents and
5 approvals shall be filed with the corporate records or made a part
6 of the minutes of the meeting. Attendance of a person at a meeting
7 shall constitute a waiver of notice of and presence at the meeting,
8 except when the person objects, at the beginning of the meeting,
9 to the transaction of any business because the meeting is not
10 lawfully called or convened and except that attendance at a
11 meeting is not a waiver of any right to object to the consideration
12 of matters required by this part to be included in the notice but not
13 so included, if the objection is expressly made at the meeting.
14 Neither the business to be transacted at nor the purpose of any
15 regular or special meeting of members need be specified in any
16 written waiver of notice, consent to the holding of the meeting or
17 approval of the minutes thereof, unless otherwise provided in the
18 articles or bylaws, except as provided in subdivision (f).

19 (f) Any approval of the members required under Section 7222,
20 7224, 7233, 7812, 8610, or 8719, other than unanimous approval
21 by those entitled to vote, shall be valid only if the general nature
22 of the proposal so approved was stated in the notice of meeting or
23 in any written waiver of notice.

24 (g) A court may find that notice not given in conformity with
25 this section is still valid, if it was given in a fair and reasonable
26 manner.

27 SEC. 26. Section 7513 of the Corporations Code is amended
28 to read:

29 7513. (a) Subject to subdivision (e), and unless prohibited in
30 the articles or bylaws, any action which may be taken at any
31 regular or special meeting of members may be taken without a
32 meeting if the corporation distributes a written ballot to every
33 member entitled to vote on the matter. Unless otherwise provided
34 by the articles or bylaws and if approved by the board of directors,
35 that ballot and any related material may be sent by electronic
36 transmission by the corporation (Section 20) and responses may
37 be returned to the corporation by electronic transmission to the
38 corporation (Section 21). That ballot shall set forth the proposed
39 action, provide an opportunity to specify approval or disapproval



1 of any proposal, and provide a reasonable time within which to
2 return the ballot to the corporation.

3 (b) Approval by written ballot pursuant to this section shall be
4 valid only when the number of votes cast by ballot within the time
5 period specified equals or exceeds the quorum required to be
6 present at a meeting authorizing the action, and the number of
7 approvals equals or exceeds the number of votes that would be
8 required to approve at a meeting at which the total number of votes
9 cast was the same as the number of votes cast by ballot.

10 (c) Ballots shall be solicited in a manner consistent with the
11 requirements of subdivision (b) of Section 7511 and Section 7514.
12 All such solicitations shall indicate the number of responses
13 needed to meet the quorum requirement and, with respect to
14 ballots other than for the election of directors, shall state the
15 percentage of approvals necessary to pass the measure submitted.
16 The solicitation must specify the time by which the ballot must be
17 received in order to be counted.

18 (d) Unless otherwise provided in the articles or bylaws, a
19 written ballot may not be revoked.

20 (e) Directors may be elected by written ballot under this
21 section, where authorized by the articles or bylaws, except that
22 election by written ballot may not be authorized where the
23 directors are elected by cumulative voting pursuant to Section
24 7615.

25 (f) When directors are to be elected by written ballot and the
26 articles or bylaws prescribe a nomination procedure, the procedure
27 may provide for a date for the close of nominations prior to the
28 printing and distributing of the written ballots.

29 SEC. 27. Section 8320 of the Corporations Code is amended
30 to read:

31 8320. (a) Each corporation shall keep:

32 (1) Adequate and correct books and records of account:

33 (2) Minutes of the proceedings of its members, board and
34 committees of the board; and

35 (3) A record of its members giving their names and addresses
36 and the class of membership held by each.

37 (b) Those minutes and other books and records shall be kept
38 either in written form or in any other form capable of being
39 converted into clearly legible tangible form or in any combination
40 of the foregoing. When minutes and other books and records are

1 kept in a form capable of being converted into clearly legible paper
2 form, the clearly legible paper form into which those minutes and
3 other books and records are converted shall be admissible in
4 evidence, and accepted for all other purposes, to the same extent
5 as an original paper record of the same information would have
6 been, provided that the paper form accurately portrays the record.

7 SEC. 28. Section 8321 of the Corporations Code is amended
8 to read:

9 8321. (a) A corporation shall notify each member yearly of
10 the member's right to receive a financial report pursuant to this
11 subdivision. Except as provided in subdivision (c), upon written
12 request of a member the board shall promptly cause the most
13 recent annual report to be sent to the requesting member. An
14 annual report shall be prepared not later than 120 days after the
15 close of the corporation's fiscal year. Unless otherwise provided
16 by the articles or bylaws and if approved by the board of directors,
17 that report and any accompanying material may be sent by
18 electronic transmission by the corporation (Section 20). That
19 report shall contain in appropriate detail the following:

20 (1) A balance sheet as of the end of such fiscal year and an
21 income statement and statement of changes in financial position
22 for such fiscal year.

23 (2) A statement of the place where the names and addresses of
24 the current members are located.

25 (3) Any information required by Section 8322.

26 (b) The report required by subdivision (a) shall be
27 accompanied by any report thereon of independent accountants,
28 or, if there is no such report, the certificate of an authorized officer
29 of the corporation that such statements were prepared without
30 audit from the books and records of the corporation.

31 (c) Subdivision (a) does not apply to any corporation which
32 receives less than ten thousand dollars (\$10,000) in gross revenues
33 or receipts during the fiscal year.

34 SEC. 29. Section 8322 of the Corporations Code is amended
35 to read:

36 8322. (a) Any provision of the articles or bylaws
37 notwithstanding, every corporation shall furnish annually to its
38 members and directors a statement of any transaction or
39 indemnification of a kind described in subdivision (d) or (e), if any
40 such transaction or indemnification took place. If the corporation

1 issues an annual report to all members, this subdivision shall be
2 satisfied by including the required information in the annual
3 report. A corporation which does not issue an annual report to all
4 members, pursuant to subdivision (c) of Section 8321, shall satisfy
5 this section by mailing or delivering to its members the required
6 statement within 120 days after the close of the corporation's fiscal
7 year. Unless otherwise provided by the articles or bylaws and if
8 approved by the board of directors, that statement may be sent by
9 electronic transmission by the corporation (Section 20).

10 (b) Except as provided in subdivision (c), a covered transaction
11 under this section is a transaction in which the corporation, its
12 parent, or its subsidiary was a party, and in which either of the
13 following had a direct or indirect material financial interest:

14 (1) Any director or officer of the corporation, or its parent or
15 subsidiary.

16 (2) Any holder of more than 10 percent of the voting power of
17 the corporation, its parent or its subsidiary.

18 For the purpose of subdivision (d), an "interested person" is any
19 person described in paragraph (1) or (2) of this subdivision.

20 (c) Transactions approved by the members of a corporation
21 (Section 5034), under subdivision (a) of Section 7233, are not
22 covered transactions. For the purpose of subdivision (b), a mere
23 common directorship is not a material financial interest.

24 (d) The statement required by subdivision (a) shall describe
25 briefly:

26 (1) Any covered transaction (excluding compensation of
27 officers and directors) during the previous fiscal year involving
28 more than fifty thousand dollars (\$50,000), or which was one of
29 a number of covered transactions in which the same interested
30 person had a direct or indirect material financial interest, and
31 which transactions in the aggregate involved more than fifty
32 thousand dollars (\$50,000).

33 (2) The names of the interested persons involved in such
34 transactions, stating such person's relationship to the corporation,
35 the nature of such person's interest in the transaction and, where
36 practicable, the amount of such interest; provided, that in the case
37 of a transaction with a partnership of which such person is a
38 partner, only the interest of the partnership need be stated.

39 (e) The statement required by subdivision (a) shall describe
40 briefly the amount and circumstances of any loans, guaranties,

1 indemnifications or advances aggregating more than ten thousand
2 dollars (\$10,000) paid or made during the fiscal year to any officer
3 or director of the corporation pursuant to Section 7237; provided
4 that no such report need be made in the case of a loan, guaranty,
5 or indemnification approved by the members (Section 5034) or a
6 loan or guaranty not subject to the provisions of subdivision (a) of
7 Section 7235.

8 SEC. 30. Section 9211 of the Corporations Code is amended
9 to read:

10 9211. (a) Unless otherwise provided in the articles or in the
11 bylaws, all of the following apply:

12 (1) Meetings of the board may be called by the chair of the
13 board or the president or any vice president or the secretary or any
14 two directors.

15 (2) Regular meetings of the board may be held without notice
16 if the time and place of the meetings are fixed by the bylaws or the
17 board. Special meetings of the board shall be held upon four days'
18 notice by first-class mail or 48 hours' notice delivered personally
19 or by telephone, including a voice messaging system or by
20 electronic transmission by a corporation (Section 20). The articles
21 or bylaws may not dispense with notice of a special meeting. A
22 notice, or waiver of notice, need not specify the purpose of any
23 regular or special meeting of the board.

24 (3) Notice of a meeting need not be given to a director who
25 provided a waiver of notice or consent to holding the meeting or
26 an approval of the minutes thereof in writing, whether before or
27 after the meeting, or who attends the meeting without protesting,
28 prior thereto or at its commencement, the lack of notice to that
29 director. These waivers, consents and approvals shall be filed with
30 the corporate records or made a part of the minutes of the meetings.

31 (4) A majority of the directors present, whether or not a quorum
32 is present, may adjourn any meeting to another time and place.

33 (5) Meetings of the board may be held at a place within or
34 without the state that has been designated in the notice of the
35 meeting or, if not stated in the notice or there is no notice,
36 designated in the bylaws or by resolution of the board.

37 (6) Members of the board may participate in a meeting through
38 use of conference telephone, electronic video screen
39 communication, or electronic transmission by and to the
40 corporation. Participation in a meeting through use of conference



1 telephone or electronic video screen communication pursuant to
2 this subdivision constitutes presence in person at that meeting as
3 long as all members participating in the meeting are able to hear
4 one another. Participation in a meeting through use of electronic
5 transmission by and to the corporation, other than conference
6 telephone and electronic video screen communication pursuant to
7 this subdivision constitutes presence in person at that meeting, if
8 both of the following apply:

9 (A) Each member participating in the meeting can
10 communicate with all of the other members substantially
11 concurrently.

12 (B) Each member is provided the means of participating in all
13 matters before the board, including, without limitation, the
14 capacity to propose, or to interpose an objection to, a specific
15 action to be taken by the corporation.

16 (7) A majority of the number of directors authorized in the
17 articles or bylaws constitutes a quorum of the board for the
18 transaction of business.

19 (8) An act or decision done or made by a majority of the
20 directors present at a meeting duly held at which a quorum is
21 present is the act of the board. The articles or bylaws may not
22 provide that a lesser vote than a majority of the directors present
23 at a meeting is the act of the board. A meeting at which a quorum
24 is initially present may continue to transact business
25 notwithstanding the withdrawal of directors, if any action taken is
26 approved by at least a majority of the required quorum for that
27 meeting, or a greater number as is required by this division, the
28 articles or bylaws.

29 (b) An action required or permitted to be taken by the board
30 may be taken without a meeting, if all members of the board shall
31 individually or collectively consent in writing to that action. The
32 written consent or consents shall be filed with the minutes of the
33 proceedings of the board. The action by written consent shall have
34 the same force and effect as the unanimous vote of the directors.

35 (c) This section applies also to incorporators, to committees of
36 the board, and to action by those incorporators or committees
37 *mutatis mutandis*.

38 SEC. 31. Section 9215 of the Corporations Code is amended
39 to read:

1 9215. The original or a copy in writing or in any other form
2 capable of being converted into clearly legible tangible form of the
3 bylaws or of the minutes of any incorporators', members',
4 directors', committee or other meeting or of any resolution
5 adopted by the board or a committee thereof, or members, certified
6 to be a true copy by a person purporting to be the secretary or an
7 assistant secretary of the corporation, is prima facie evidence of the
8 adoption of such bylaws or resolution or of the due holding of such
9 meeting and of the matters stated therein.

10 SEC. 32. Section 9411 of the Corporations Code is amended
11 to read:

12 9411. (a) Subject to the provisions of this chapter, regular and
13 special meetings of members shall be called, noticed and held as
14 may be ordered by the board. Unless prohibited by the bylaws of
15 the corporation, if authorized by the board of directors in its sole
16 discretion, and subject to the requirement of consent in clause (b)
17 of Section 20 and those guidelines and procedures as the board of
18 directors may adopt, members not physically present in person (or,
19 if proxies are allowed, by proxy) at a meeting of members may, by
20 electronic transmission by and to the corporation (Sections 20 and
21 21) or by electronic video screen communication, participate in a
22 meeting of members, be deemed present in person (or, if proxies
23 are allowed, by proxy), and vote at a meeting of members whether
24 that meeting is to be held at a designated place or in whole or in
25 part by means of electronic transmission by and to the corporation
26 or by electronic video screen communication, in accordance with
27 subdivision (f).

28 (b) Special meetings of members for any lawful purpose may
29 be called by the board or the chairman of the board or the president.
30 In addition, special meetings of members for any lawful purpose
31 may be called by 5 percent or more of the members.

32 (c) Upon request in writing to the chairman of the board,
33 president, vice president or secretary by any person (other than the
34 board) entitled to call a special meeting of members, the board
35 shall expeditiously set a reasonable time and place for the meeting
36 and the officer forthwith shall cause notice to be given to the
37 members entitled to vote of the time and place of the meeting. If
38 the notice is not given within 20 days after receipt of the request,
39 the persons entitled to call the meeting may give the notice or the
40 superior court of the proper county shall summarily order the

giving of the notice, after notice to the corporation giving it an opportunity to be heard. The court may issue such orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote and the form of notice.

(d) The transactions of any meeting of members, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person (or, if proxies are allowed, by proxy), and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this part to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of members need be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof except as provided in subdivision (e).

(e) Any member approval required under subdivision (b) of Section 9150, Section 9222, Section 5812 (made applicable pursuant to Section 9620), subdivision (a) of Section 9631, subdivision (c) of Section 9640, subdivision (a) of Section 6015 (made applicable pursuant to Section 9640), or subdivision (b) of Section 9680, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

(f) A meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the corporation or by electronic video screen communication (1) if the corporation implements reasonable measures to provide members a reasonable

1 opportunity to participate in the meeting and to vote on matters
2 submitted to the members, including an opportunity to read or hear
3 the proceedings of the meeting substantially concurrently with
4 those proceedings, and (2) if any member votes or takes other
5 action at the meeting by means of electronic transmission to the
6 corporation or electronic video screen communication, a record of
7 that vote or action is maintained by the corporation.

8 SEC. 33. Section 9413 of the Corporations Code is amended
9 to read:

10 9413. (a) Any action which may be taken at any regular or
11 special meeting of members may be taken without a meeting if the
12 written ballot of every member is solicited, if the required number
13 of signed approvals in writing, setting forth the action so taken, is
14 received, and if the requirements of subdivision (c) are satisfied.
15 Unless otherwise provided by the articles or bylaws and if
16 approved by the board of directors, that ballot and any related
17 material may be sent by electronic transmission by the corporation
18 (Section 20) and responses may be returned to the corporation by
19 electronic transmission to the corporation (Section 21).

20 (b) All solicitations of ballots shall indicate the time by which
21 the ballot must be returned to be counted.

22 (c) Approval by written ballot pursuant to this section shall be
23 valid only when the number of ballots cast on or before the time
24 the ballot must be returned to be counted equals or exceeds the
25 quorum required to be present at a meeting authorizing the action,
26 and the number of approvals equals or exceeds the number of votes
27 that would be required to approve at a meeting at which the total
28 number of votes cast was the same as the number of ballots cast.

29 (d) A written ballot may not be revoked.

30 (e) Directors may be elected by written ballot under this
31 section, where authorized by the articles or bylaws, except that
32 election by written ballot may not be authorized where the
33 directors are elected by cumulative voting pursuant to Section
34 9415.

35 SEC. 34. Section 9510 of the Corporations Code is amended
36 to read:

37 9510. (a) Each corporation shall keep:

38 (1) Adequate and correct books and records of account.

39 (2) Minutes of the proceedings of its members, board and
40 committees of the board.

1 (3) A record of its members giving their names and addresses
2 and the class of membership held by each.

3 (b) Those minutes and other books and records shall be kept
4 either in written form or in any other form capable of being
5 converted into clearly legible tangible form or in any combination
6 of the foregoing. When minutes and other books and records are
7 kept in a form capable of being converted into clearly legible paper
8 form, the clearly legible paper form into which those minutes and
9 other books and records are converted shall be admissible in
10 evidence, and accepted for all other purposes, to the same extent
11 as an original paper record of the same information would have
12 been, provided that the paper form accurately portrays the record.

13 SEC. 35. Section 12254 of the Corporations Code is amended
14 to read:

15 12254. “Written” or “in writing” includes facsimile,
16 telegraphic, and other electronic communication as authorized by
17 this code.

18 SEC. 36. Section 12351 of the Corporations Code is amended
19 to read:

20 12351. (a) Unless otherwise provided in the articles or in the
21 bylaws:

22 (1) Meetings of the board may be called by the chairman of the
23 board or the president or any vice president or the secretary or any
24 two directors.

25 (2) Regular meetings of the board may be held without notice
26 if the time and place of such meetings are fixed by the bylaws or
27 the board. Special meetings of the board shall be held upon four
28 days’ notice by first-class mail or 48 hours’ notice delivered
29 personally or by telephone, including a voice messaging system or
30 by electronic transmission by the corporation (Section 20). The
31 articles or bylaws may not dispense with notice of a special
32 meeting. A notice, or waiver of notice, need not specify the
33 purpose of any regular or special meeting of the board.

34 (3) Notice of a meeting need not be given to any director who
35 provides a waiver of notice or consent to holding the meeting or
36 an approval of the minutes thereof in writing, whether before or
37 after the meeting, or who attends the meeting without protesting,
38 prior thereto or at its commencement, the lack of notice to such
39 director. All such waivers, consents and approvals shall be filed

1 with the corporate records or made a part of the minutes of the
2 meetings.

3 (4) A majority of the directors present, whether or not a quorum
4 is present, may adjourn any meeting to another time and place. If
5 the meeting is adjourned for more than 24 hours, notice of any
6 adjournment to another time or place shall be given prior to the
7 time of the adjourned meeting to the directors who were not
8 present at the time of the adjournment.

9 (5) Meetings of the board may be held at any place within or
10 without the state which has been designated in the notice of the
11 meeting or, if not stated in the notice or if there is no notice,
12 designated in the bylaws or by resolution of the board.

13 (6) Members of the board may participate in a meeting through
14 use of conference telephone , electronic video screen
15 communication, or electronic transmission by and to the
16 corporation (Sections 20 and 21). Participation in a meeting
17 through use of conference telephone or electronic video screen
18 communication pursuant to this subdivision constitutes presence
19 in person at that meeting as long as all members participating in
20 the meeting are able to hear one another. Participation in a meeting
21 through use of electronic transmission by and to the corporation,
22 other than conference telephone and electronic video screen
23 communication pursuant to this subdivision constitutes presence
24 in person at that meeting if both of the following apply:

25 (A) Each member participating in the meeting can
26 communicate with all of the other members substantially
27 concurrently.

28 (B) Each member is provided the means of participating in all
29 matters before the board, including, without limitation, the
30 capacity to propose, or to interpose an objection to, a specific
31 action to be taken by the corporation.

32 (7) A majority of the number of directors authorized in the
33 articles or bylaws constitutes a quorum of the board for the
34 transaction of business. The articles or bylaws may not provide
35 that a quorum shall be less than one-fifth the number of directors
36 authorized in the articles or bylaws, or less than two, whichever is
37 larger.

38 (8) Subject to the provisions of Sections 12352, 12373, 12374
39 and subdivision (e) of Section 12377, every act or decision done
40 or made by a majority of the directors present at a meeting duly



held at which a quorum is present is the act of the board. The articles or bylaws may not provide that a lesser vote than a majority of the directors present at a meeting is the act of the board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by this division, the articles or bylaws.

(b) Any action required or permitted to be taken by the board may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

(c) The provisions of this section apply also to incorporators, to committees of the board, and to action by such incorporators or such committees mutatis mutandis.

SEC. 37. Section 12355 of the Corporations Code is amended to read:

12355. The original or a copy in writing or in any other form capable of being converted into clearly legible tangible form of the bylaws or of the minutes of any incorporators', members', directors', committee or other meeting or of any resolution adopted by the board or a committee thereof, or members, certified to be a true copy by a person purporting to be the secretary or an assistant secretary of the corporation, is prima facie evidence of the adoption of such bylaws or resolution or of the due holding of such meeting and of the matters stated therein.

SEC. 38. Section 12460 of the Corporations Code is amended to read:

12460. (a) Meetings of members may be held at a place within or without this state that is stated in or fixed in accordance with the bylaws. If no other place is so stated or fixed, meetings of members shall be held at the principal executive office of the corporation. Unless prohibited by the bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to the requirement of consent in clause (b) of Section 20 and those guidelines and procedures as the board of directors may adopt, members not physically present in person at a meeting of

1 members may, by electronic transmission by and to the
2 corporation (Sections 20 and 21) or by electronic video screen
3 communication, participate in a meeting of members, be deemed
4 present in person, and vote at a meeting of members whether that
5 meeting is to be held at a designated place or in whole or in part
6 by means of electronic transmission by and to the corporation or
7 by electronic video screen communication, in accordance with
8 subdivision (f).

9 (b) A regular meeting of members shall be held on a date and
10 time and with the frequency stated in or fixed in accordance with
11 the bylaws, but in any event in each year in which directors are to
12 be elected at that meeting, for the purpose of conducting that
13 election, and to transact any other proper business that may be
14 brought before the meeting.

15 (c) If a corporation fails to hold the regular meeting for a period
16 of 60 days after the date designated therefor or, if no date has been
17 designated, for a period of 15 months after the formation of the
18 corporation or after its last regular meeting, or if the corporation
19 fails to hold a written ballot for a period of 60 days after the date
20 designated therefor, then the superior court of the proper county
21 may summarily order the meeting to be held or the ballot to be
22 conducted upon the application of a member, after notice to the
23 corporation giving it an opportunity to be heard.

24 (d) The votes represented at a meeting called or by written
25 ballot ordered pursuant to subdivision (c) and entitled to be cast on
26 the business to be transacted shall constitute a quorum,
27 notwithstanding any provision of the articles or bylaws or in this
28 part to the contrary. The court may issue such orders as may be
29 appropriate including, without limitation, orders designating the
30 time and place of the meeting, the record date for determination of
31 members entitled to vote, and the form of notice of the meeting.

32 (e) Special meetings of members for any lawful purpose may
33 be called by the board, the chairman of the board, the president, or
34 such other persons, if any, as are specified in the bylaws. In
35 addition, special meetings of members for any lawful purpose may
36 be called by 5 percent or more of the members.

37 (f) A meeting of the members may be conducted, in whole or
38 in part, by electronic transmission by and to the corporation or by
39 electronic video screen communication (1) if the corporation
40 implements reasonable measures to provide members a reasonable

1 opportunity to participate in the meeting and to vote on matters
2 submitted to the members, including an opportunity to read or hear
3 the proceedings of the meeting substantially concurrently with
4 those proceedings, and (2) if any member votes or takes other
5 action at the meeting by means of electronic transmission to the
6 corporation or electronic video screen communication, a record of
7 that vote or action is maintained by the corporation.

8 SEC. 39. Section 12461 of the Corporations Code is amended
9 to read:

10 12461. (a) Whenever members are required or permitted to
11 take any action at a meeting, a written notice of the meeting shall
12 be given not less than 10 nor more than 90 days before the date of
13 the meeting to each member who, on the record date for notice of
14 the meeting, is entitled to vote thereat; provided, however, that if
15 notice is given by mail, and the notice is not mailed by first-class,
16 registered, or certified mail, that notice shall be given not less than
17 20 days before the meeting. Subject to subdivision (f), and
18 subdivision (b) of Section 12462, that notice shall state the place,
19 date and time of the meeting, the means of electronic transmission
20 by and to the corporation (Sections 20 and 21) or electronic video
21 screen communication, if any, by which members may participate
22 in that meeting, and (1) in the case of a special meeting, the general
23 nature of the business to be transacted, and no other business may
24 be transacted, or (2) in the case of the regular meeting, those
25 matters which the board, at the time the notice is given, intends to
26 present for action by the members, but, except as provided in
27 subdivision (b) of Section 12462, any proper matter may be
28 presented at the meeting for such action. The notice of any meeting
29 at which directors are to be elected shall include the names of all
30 those who are nominees at the time the notice is given to members.

31 (b) Notice of a members' meeting or any report shall be given
32 personally, by electronic transmission by the corporation, or by
33 mail or other means of written communication, addressed to a
34 member at the address of such member appearing on the books of
35 the corporation or given by the member to the corporation for
36 purpose of notice; or if no such address appears or is given, at the
37 place where the principal office of the corporation is located or by
38 publication at least once in a newspaper of general circulation in
39 the county in which the principal office is located. An affidavit of
40 giving of any notice or report in accordance with the provisions of

1 this part, executed by the secretary, assistant secretary or any
2 transfer agent, shall be prima facie evidence of the giving of the
3 notice or report.

4 If any notice or report addressed to the member at the address
5 of such member appearing on the books of the corporation is
6 returned to the corporation by the United States Postal Service
7 marked to indicate the United States Postal Service is unable to
8 deliver the notice or report to the member at such address, all future
9 notices or reports shall be deemed to have been duly given without
10 further mailing if the same shall be available for the member upon
11 written demand of the member at the principal office of the
12 corporation for a period of one year from the date of the giving of
13 the notice or report to all other members.

14 Notice given by electronic transmission by the corporation
15 under this subdivision shall be valid only if it complies with
16 Section 20. Notwithstanding the foregoing, notice shall not be
17 given by electronic transmission by the corporation under this
18 subdivision after either of the following:

19 (1) The corporation is unable to deliver two consecutive
20 notices to the member by that means.

21 (2) The inability to so deliver the notices to the member
22 becomes known to the secretary, any assistant secretary, the
23 transfer agent, or other person responsible for the giving of the
24 notice.

25 The inadvertent failure to deliver an effective notice by
26 electronic means by the corporation shall not invalidate any
27 meeting or other action.

28 (c) Upon request in writing to the corporation addressed to the
29 attention of the chairman of the board, president, vice president or
30 secretary by any person (other than the board) entitled to call a
31 special meeting of members, the officer forthwith shall cause
32 notice to be given to the members entitled to vote that a meeting
33 will be held at a time fixed by the board not less than 35 nor more
34 than 90 days after the receipt of the request. If the notice is not
35 given within 20 days after receipt of the request, the persons
36 entitled to call the meeting may give the notice or the superior
37 court of the proper county shall summarily order the giving of the
38 notice, after notice to the corporation giving it an opportunity to
39 be heard. The court may issue such orders as may be appropriate,
40 including, without limitation, orders designating the time and



1 place of the meeting, the record date for determination of members
2 entitled to vote and the form of notice.

3 (d) When a members' meeting is adjourned to another time or
4 place, unless the bylaws otherwise require and except as provided
5 in this subdivision, notice need not be given of the adjourned
6 meeting if the time and place thereof (or the means of electronic
7 transmission by and to the corporation or electronic video screen
8 communication, if any, by which members may participate) are
9 announced at the meeting at which the adjournment is taken. At the
10 adjourned meeting the corporation may transact any business
11 which might have been transacted at the original meeting. If the
12 adjournment is for more than 45 days or if after the adjournment
13 a new record date is fixed for the adjourned meeting, a notice of
14 the adjourned meeting shall be given to each member of record
15 entitled to vote at the meeting.

16 (e) The transactions of any meeting of members however
17 called and noticed, and wherever held, are as valid as though had
18 at a meeting duly held after regular call and notice, if a quorum is
19 present, and if, either before or after the meeting, each of the
20 persons entitled to vote, not present in person, provides a waiver
21 of notice or consent to the holding of the meeting or an approval
22 of the minutes thereof in writing. All such waivers, consents and
23 approvals shall be filed with the corporate records or made a part
24 of the minutes of the meeting. Attendance of a person at a meeting
25 shall constitute a waiver of notice of and presence at such meeting,
26 except when the person objects, at the beginning of the meeting,
27 to the transaction of any business because the meeting is not
28 lawfully called or convened and except that attendance at a
29 meeting is not a waiver of any right to object to the consideration
30 of matters required by this part to be included in the notice but not
31 so included, if such objection is expressly made at the meeting.
32 Neither the business to be transacted at nor the purpose of any
33 regular or special meeting of members need be specified in any
34 written waiver of notice, consent to the holding of the meeting or
35 approval of the minutes thereof, unless otherwise provided in the
36 articles or bylaws, except as provided in subdivision (f).

37 (f) Any approval of the members required under Section
38 12362, 12364, 12373, 12502 or 12658 other than unanimous
39 approval by those entitled to vote, shall be valid only if the general



1 nature of the proposal so approved was stated in the notice of
2 meeting or in any written waiver of notice.

3 (g) A court may find that notice not given in conformity with
4 this section is still valid, if it was given in a fair and reasonable
5 manner.

6 (h) Subject to the provisions of subdivision (i), and unless
7 prohibited by the articles or bylaws, prior to any regular or special
8 meeting of members, the board may authorize distribution of a
9 written ballot to every member entitled to vote at the meeting.
10 Such ballot shall set forth the action proposed to be taken at the
11 meeting, shall provide an opportunity to specify approval or
12 disapproval of the proposed action, and shall state that unless
13 revoked by the member voting in person at the meeting, the ballot
14 will be counted if received by the corporation on or before the time
15 of the meeting with respect to which it was sent. If ballots are so
16 distributed with respect to a meeting, the number of members
17 voting at the meeting by unrevoked written ballots shall be deemed
18 present at the meeting for purposes of determining the existence
19 of a quorum pursuant to subdivision (a) of Section 12462 but only
20 with respect to the proposed action referred to in the ballots. These
21 ballots shall be distributed in a manner consistent with the
22 requirements of subdivision (b) and Section 12464.

23 (i) Unless prohibited by the articles or bylaws, written ballots
24 may be distributed in a manner contemplated by subdivision (h)
25 with respect to the election of directors, except that no ballots may
26 be so distributed with respect to the election of directors if
27 cumulative voting is permitted pursuant to Section 12484.

28 SEC. 40. Section 12463 of the Corporations Code is amended
29 to read:

30 12463. (a) Subject to subdivision (e), and unless prohibited
31 in the articles or bylaws any action which may be taken at any
32 regular or special meeting of members may be taken without a
33 meeting if the corporation distributes a written ballot to every
34 member entitled to vote on the matter. Unless otherwise provided
35 by the articles or bylaws and if approved by the board of directors,
36 that ballot and any related material may be sent by electronic
37 transmission by the corporation (Section 20) and responses may
38 be returned to the corporation by electronic transmission to the
39 corporation (Section 21). That ballot shall set forth the proposed
40 action, provide an opportunity to specify approval or disapproval



1 of any proposal, and provide a reasonable time within which to
2 return the ballot to the corporation.

3 (b) Approval by written ballot pursuant to this section shall be
4 valid only when the number of votes cast by ballot within the time
5 period specified equals or exceeds the quorum required to be
6 present at a meeting authorizing the action, and the number of
7 approvals equals or exceeds the number of votes that would be
8 required to approve at a meeting at which the total number of votes
9 cast was the same as the number of votes cast by ballot.

10 (c) Ballots shall be solicited in a manner consistent with the
11 requirements of subdivision (b) of Section 12461 and Section
12 12464. All such solicitations shall indicate the number of
13 responses needed to meet the quorum requirement and, with
14 respect to ballots other than for the election of directors, shall state
15 the percentage of approvals necessary to pass the measure
16 submitted. The solicitation must specify the time by which the
17 ballot must be received in order to be counted.

18 (d) Unless otherwise provided in the articles or bylaws, a
19 written ballot may not be revoked.

20 (e) Directors may be elected by written ballot under this
21 section, where authorized by the articles or bylaws, except that
22 election by written ballot may not be authorized where the
23 directors are elected by cumulative voting pursuant to Section
24 12484. When directors are to be elected by written ballot and the
25 articles or bylaws prescribe a nomination procedure, the procedure
26 may provide for a date for the close of nominations prior to
27 printing and distributing of the written ballots.

28 (f) The secretary shall cause a vote to be taken by written ballot
29 upon any action or recommendation proposed in writing by 20
30 percent of the members of the corporation.

31 SEC. 41. Section 12590 of the Corporations Code is amended
32 to read:

33 12590. (a) Each corporation shall keep:

34 (1) Adequate and correct books and records of account;

35 (2) Minutes of the proceedings of its members, board, and
36 committees of the board; and

37 (3) A record of its members giving their names and addresses
38 and the class of membership and number of membership units held
39 by each.

1 (b) Those minutes and other books and records shall be kept
2 either in written form or in any other form capable of being
3 converted into clearly legible tangible form or in any combination
4 of the foregoing. When minutes and other books and records are
5 kept in a form capable of being converted into clearly legible paper
6 form, the clearly legible paper form into which those minutes and
7 other books and records are converted shall be admissible in
8 evidence, and accepted for all other purposes, to the same extent
9 as an original paper record of the same information would have
10 been, provided that the paper form accurately portrays the record.

11 SEC. 42. Section 12591 of the Corporations Code is amended
12 to read:

13 12591. (a) A corporation shall notify each member yearly of
14 the member's right to receive a financial report pursuant to this
15 subdivision. Except as provided in subdivision (c), upon written
16 request of a member the board shall promptly cause the most
17 recent annual report to be sent to the requesting member. An
18 annual report shall be prepared not later than 120 days after the
19 close of the corporation's fiscal year. Unless otherwise provided
20 by the articles or bylaws and if approved by the board of directors,
21 that report and any accompanying material sent pursuant to this
22 section may be sent by electronic transmission by the corporation
23 (Section 20). That report shall contain in appropriate detail the
24 following:

25 (1) A balance sheet as of the end of such fiscal year and an
26 income statement and statement of changes in financial position
27 for such fiscal year.

28 (2) A statement of the place where the names and addresses of
29 the current members are located.

30 (3) Any information required by Section 12592.

31 (b) The report required by subdivision (a) shall be
32 accompanied by any report thereon of independent accountants,
33 or, if there is no such report, the certificate of an authorized officer
34 of the corporation that such statements were prepared without
35 audit from the books and records of the corporation.

36 (c) This section does not apply to corporations which do not
37 have more than 25 members at any time during the fiscal year.

38 SEC. 43. Section 12592 of the Corporations Code is amended
39 to read:

12592. (a) Any provision of the articles or bylaws notwithstanding, every corporation shall furnish annually to its members and directors a statement of any transaction or indemnification of a kind described in subdivision (d) or (e), if any such transaction or indemnification took place. If the corporation issues an annual report to all members, this subdivision shall be satisfied by including the required information in the annual report. A corporation which does not issue an annual report to all members, pursuant to subdivision (c) of Section 12591, shall satisfy this section by mailing or delivering to its members the required statement within 120 days after the close of the corporation's fiscal year. Unless otherwise provided by the articles or bylaws and if approved by the board of directors, that statement may be sent by electronic transmission by the corporation (Section 20).

(b) Except as provided in subdivision (c), a covered transaction under this section is a transaction in which the corporation, its parent, or its subsidiary was a party, and in which either of the following had a direct or indirect material financial interest:

(1) Any director or officer of the corporation, or its parent or subsidiary.

(2) Any holder of more than 10 percent of the voting power of the corporation, its parent or its subsidiary.

For the purpose of subdivision (d), an "interested person" is any person described in paragraph (1) or (2).

(c) Transactions approved by the members of a corporation, under subdivision (a) of Section 12373, are not covered transactions. For the purpose of subdivision (b), neither a mere common directorship nor a member-patron relationship on terms available to all members constitutes a material financial interest.

(d) The statement required by subdivision (a) shall describe briefly:

(1) Any covered transaction (excluding compensation of officers and directors) during the previous fiscal year involving more than one thousand dollars (\$1,000), or which was one of a number of covered transactions in which the same interested person had a direct or indirect material financial interest, and which transactions in the aggregate involved more than one thousand dollars (\$1,000).

(2) The names of the interested persons involved in such transactions, stating such person's relationship to the corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

(e) The statement required by subdivision (a) shall describe briefly the amount and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than one thousand dollars (\$1,000) paid or made during the fiscal year to any officer or director of the corporation pursuant to Section 12377; provided that no such report need be made in the case of a loan, guaranty, or indemnification approved by the members under paragraph (2) of subdivision (e) of Section 12377 or a loan or guaranty not subject to the provisions of subdivision (a) of Section 12375.

SEC. 44. Section 16101 of the Corporations Code is amended to read:

16101. As used in this chapter, the following terms and phrases have the following meanings:

(1) "Business" includes every trade, occupation, and profession.

(2) "Debtor in bankruptcy" means a person who is the subject of either of the following:

(A) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application.

(B) A comparable order under federal, state, or foreign law governing insolvency.

(3) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.

(4) "Electronic transmission by the partnership" means a communication (a) delivered by (1) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with the partnership, (2) posting on an electronic message board or network that the partnership has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the

1 later of the posting or delivery of the separate notice thereof, or (3)
 2 other means of electronic communication, (b) to a recipient who
 3 has provided an unrevoked consent to the use of those means of
 4 transmission, and (c) that creates a record that is capable of
 5 retention, retrieval, and review, and that may thereafter be
 6 rendered into clearly legible tangible form. *However, an electronic*
 7 *transmission by a corporation to an individual shareholder is not*
 8 *authorized unless, in addition to satisfying the requirements of this*
 9 *section, the transmission satisfies the requirements applicable to*
 10 *consumer consent to electronic records as set forth in the*
 11 *Electronic Signatures in Global and National Commerce Act (15*
 12 *U.S.C. Sec. 7001(c)(1)).*

13 (5) “Electronic transmission to the partnership” means a
 14 communication (a) delivered by (1) facsimile telecommunication
 15 or electronic mail when directed to the facsimile number or
 16 electronic mail address, respectively, which the partnership has
 17 provided from time to time to partners for sending
 18 communications to the partnership, (2) posting on an electronic
 19 message board or network that the partnership has designated for
 20 those communications, and which transmission shall be validly
 21 delivered upon the posting, or (3) other means of electronic
 22 communication, (b) as to which the partnership has placed in effect
 23 reasonable measures to verify that the sender is the partner (in
 24 person or by proxy) purporting to send the transmission, and (c)
 25 that creates a record that is capable of retention, retrieval, and
 26 review, and that may thereafter be rendered into clearly legible
 27 tangible form.

28 (6) (A) “Foreign limited liability partnership” means a
 29 partnership, other than a limited partnership, formed pursuant to
 30 an agreement governed by the laws of another jurisdiction and
 31 denominated or registered as a limited liability partnership or
 32 registered limited liability partnership under the laws of that
 33 jurisdiction (i) in which each partner is a licensed person or a
 34 person licensed or authorized to provide professional limited
 35 liability partnership services in a jurisdiction or jurisdictions other
 36 than this state, (ii) which is licensed under the laws of the state to
 37 engage in the practice of architecture, the practice of public
 38 accountancy, or the practice of law, or (iii) which (I) is related to
 39 a registered limited liability partnership that practices public
 40 accountancy or, to the extent permitted by the State Bar, practices



1 law or is related to a foreign limited liability partnership and (II)
2 provides services related or complementary to the professional
3 limited liability partnership services provided by, or provides
4 services or facilities to, that registered limited liability partnership
5 or foreign limited liability partnership.

6 (B) For the purposes of clause (iii) of subparagraph (A), a
7 partnership is related to a registered limited liability partnership or
8 foreign limited liability partnership if (i) at least a majority of the
9 partners in one partnership are also partners in the other
10 partnership, or (ii) at least a majority in interest in each partnership
11 hold interests in or are members of another person, except an
12 individual, and each partnership renders services pursuant to an
13 agreement with that other person, or (iii) one partnership, directly
14 or indirectly through one or more intermediaries, controls, is
15 controlled by, or is under common control with, the other
16 partnership.

17 (7) “Licensed person” means any person who is duly licensed,
18 authorized, or registered under the provisions of the Business and
19 Professions Code to provide professional limited liability
20 partnership services or who is lawfully able to render professional
21 limited liability partnership services in this state.

22 (8) (A) “Registered limited liability partnership” means a
23 partnership, other than a limited partnership, formed pursuant to
24 an agreement governed by Article 10 (commencing with Section
25 16951), that is registered under Section 16953 and (i) each of the
26 partners of which is a licensed person or a person licensed or
27 authorized to provide professional limited liability partnership
28 services in a jurisdiction or jurisdictions other than this state, (ii)
29 is licensed under the laws of the state to engage in the practice of
30 architecture, practice of public accountancy, or the practice of law,
31 or (iii)(I) is related to a registered limited liability partnership that
32 practices public accountancy or, to the extent permitted by the
33 State Bar, practices law or is related to a foreign limited liability
34 partnership and (II) provides services related or complementary to
35 the professional limited liability partnership services provided by,
36 or provides services or facilities to, that registered limited liability
37 partnership or foreign limited liability partnership.

38 (B) For the purposes of clause (iii) of subparagraph (A), a
39 partnership is related to a registered limited liability partnership or
40 foreign limited liability partnership if (i) at least a majority of the

1 partners in one partnership are also partners in the other
2 partnership, or (ii) at least a majority in interest in each partnership
3 hold interests in or are members of another person, other than an
4 individual, and each partnership renders services pursuant to an
5 agreement with that other person, or (iii) one partnership, directly
6 or indirectly through one or more intermediaries, controls, is
7 controlled by, or is under common control with, the other
8 partnership.

9 (9) “Partnership” means an association of two or more persons
10 to carry on as coowners a business for profit formed under Section
11 16202, predecessor law, or comparable law of another jurisdiction,
12 and includes, for all purposes of the laws of this state, a registered
13 limited liability partnership, and excludes any partnership formed
14 under Chapter 2 (commencing with Section 15501) or Chapter 3
15 (commencing with Section 15611).

16 (10) “Partnership agreement” means the agreement, whether
17 written, oral, or implied, among the partners concerning the
18 partnership, including amendments to the partnership agreement.

19 (11) “Partnership at will” means a partnership in which the
20 partners have not agreed to remain partners until the expiration of
21 a definite term or the completion of a particular undertaking.

22 (12) “Partnership interest” or “partner’s interest in the
23 partnership” means all of a partner’s interests in the partnership,
24 including the partner’s transferable interest and all management
25 and other rights.

26 (13) “Person” means an individual, corporation, business
27 trust, estate, trust, partnership, limited partnership, limited
28 liability partnership, limited liability company, association, joint
29 venture, government, governmental subdivision, agency, or
30 instrumentality, or any other legal or commercial entity.

31 (14) “Professional limited liability partnership services”
32 means the practice of architecture, the practice of public
33 accountancy, or the practice of law.

34 (15) “Property” means all property, real, personal, or mixed,
35 tangible or intangible, or any interest therein.

36 (16) “State” means a state of the United States, the District of
37 Columbia, the Commonwealth of Puerto Rico, or any territory or
38 insular possession subject to the jurisdiction of the United States.

39 (17) “Statement” means a statement of partnership authority
40 under Section 16303, a statement of denial under Section 16304,

1 a statement of dissociation under Section 16704, a statement of
2 dissolution under Section 16805, a statement of conversion or a
3 certificate of conversion under Section 16906, a statement of
4 merger under Section 16915, or an amendment or cancellation of
5 any of the foregoing.

6 (18) “Transfer” includes an assignment, conveyance, lease,
7 mortgage, deed, and encumbrance.

8 (19) The inclusion of the practice of architecture as a
9 professional limited liability partnership service permitted by this
10 section shall extend only until January 1, 2007.

11 SEC. 45. Section 16403 of the Corporations Code is amended
12 to read:

13 16403. (a) A partnership shall keep its books and records, if
14 any, in writing or in any other form capable of being converted into
15 clearly legible tangible form, at its chief executive office.

16 (b) A partnership shall provide partners and their agents and
17 attorneys access to its books and records. It shall provide former
18 partners and their agents and attorneys access to books and records
19 pertaining to the period during which they were partners. The right
20 of access provides the opportunity to inspect and copy books and
21 records during ordinary business hours. A partnership may impose
22 a reasonable charge, covering the costs of labor and material, for
23 copies of documents furnished.

24 (c) Each partner and the partnership shall furnish to a partner,
25 and to the legal representative of a deceased partner or partner
26 under legal disability, both of the following, which may be
27 transmitted by electronic transmission by the partnership
28 (subdivision (4) of Section 16101):

29 (1) Without demand, any information concerning the
30 partnership’s business and affairs reasonably required for the
31 proper exercise of the partner’s rights and duties under the
32 partnership agreement or this chapter; and

33 (2) On demand, any other information concerning the
34 partnership’s business and affairs, except to the extent the demand
35 or the information demanded is unreasonable or otherwise
36 improper under the circumstances.

37 SEC. 46. Section 17001 of the Corporations Code is amended
38 to read:

39 17001. Unless the context otherwise indicates, the following
40 definitions govern the construction of this title:

1 (a) “Acknowledged” means that an instrument is either of the
2 following:

3 (1) Formally acknowledged as provided in Article 3
4 (commencing with Section 1180) of Chapter 4 of Title 4 of Part 4
5 of Division 2 of the Civil Code.

6 (2) Executed to include substantially the following wording
7 preceding the signature: It is hereby declared that I am the person
8 who executed this instrument, which execution is my act and deed.

9 Any certificate of acknowledgment taken without this state
10 before a notary public or a judge or clerk of a court of record
11 having an official seal need not be further authenticated.

12 (b) “Articles of organization” means articles of organization
13 filed under Section 17050, including all amendments thereto or
14 restatements thereof, or, in the case of a foreign limited liability
15 company, all documents that serve a like function under the laws
16 of the jurisdiction in which the foreign limited liability company
17 is organized.

18 (c) “Bankrupt” or “bankruptcy” means, with respect to any
19 person, being the subject of an order for relief under Title 11 of the
20 United States Code, or any successor statute or other statute in any
21 foreign jurisdiction having like import or effect.

22 (d) “Capital account” means, unless otherwise provided in the
23 operating agreement, the amount of the capital interest of a
24 member in the limited liability company consisting of that
25 member’s original contribution, as (1) increased by any additional
26 contributions and by that member’s share of the limited liability
27 company’s profits, and (2) decreased by any distribution to that
28 member and by that member’s share of the limited liability
29 company’s losses.

30 (e) “Constituent limited liability company” means a limited
31 liability company that is merged with or into one or more other
32 limited liability companies or other business entities and includes
33 a surviving limited liability company.

34 (f) “Constituent other business entity” means any other
35 business entity that is merged with or into one or more limited
36 liability companies and includes a surviving other business entity.

37 (g) “Contribution” means any money, property, or services
38 rendered, or a promissory note or other binding obligation to
39 contribute money or property, or to render services as permitted in
40 this title, which a member contributes to a limited liability

1 company as capital in that member's capacity as a member
2 pursuant to an agreement between the members, including an
3 agreement as to value.

4 (h) "Disappearing limited liability company" means a
5 constituent limited liability company that is not the surviving
6 limited liability company.

7 (i) "Disappearing other business entity" means a constituent
8 other business entity that is not the surviving other business entity.

9 (j) "Distribution" means the transfer of money or property by
10 a limited liability company to its members without consideration.

11 (k) "Domestic" means organized under the laws of this state
12 when used in relation to any limited liability company, other
13 business entity or person (other than a natural person).

14 (l) "Domestic corporation" means a corporation as defined in
15 Section 162.

16 (m) "Domestic limited partnership" means a partnership
17 formed by two or more persons under the laws of this state and
18 having one or more general partners and one or more limited
19 partners.

20 (n) "Economic interest" means a person's right to share in the
21 income, gains, losses, deductions, credit, or similar items of, and
22 to receive distributions from, the limited liability company, but
23 does not include any other rights of a member, including, without
24 limitation, the right to vote or to participate in management, or,
25 except as provided in Section 17106, any right to information
26 concerning the business and affairs of the limited liability
27 company.

28 (o) (1) "Electronic transmission by the limited liability
29 company" means a communication (a) delivered by (1) facsimile
30 telecommunication or electronic mail when directed to the
31 facsimile number or electronic mail address, respectively, for that
32 recipient on record with the limited liability company, (2) posting
33 on an electronic message board or network that the limited liability
34 company has designated for those communications, together with
35 a separate notice to the recipient of the posting, which transmission
36 shall be validly delivered upon the later of the posting or delivery
37 of the separate notice thereof, or (3) other means of electronic
38 communication, (b) to a recipient who has provided an unrevoked
39 consent to the use of those means of transmission, and (c) that
40 creates a record that is capable of retention, retrieval, and review,



1 and that may thereafter be rendered into clearly legible tangible
2 form. *However, an electronic transmission by a corporation to an*
3 *individual shareholder is not authorized unless, in addition to*
4 *satisfying the requirements of this section, the transmission*
5 *satisfies the requirements applicable to consumer consent to*
6 *electronic records as set forth in the Electronic Signatures in*
7 *Global and National Commerce Act (15 U.S.C. 7001(c)(1)).*

8 (2) “Electronic transmission to the limited liability company”
9 means a communication (a) delivered by (1) facsimile
10 telecommunication or electronic mail when directed to the
11 facsimile number or electronic mail address, respectively, which
12 the limited liability company has provided from time to time to
13 members or managers for sending communications to the limited
14 liability company, (2) posting on an electronic message board or
15 network that the limited liability company has designated for those
16 communications, and which transmission shall be validly
17 delivered upon the posting, or (3) other means of electronic
18 communication, (b) as to which the limited liability company has
19 placed in effect reasonable measures to verify that the sender is the
20 member or manager (in person or by proxy) purporting to send the
21 transmission, and (c) that creates a record that is capable of
22 retention, retrieval, and review, and that may thereafter be
23 rendered into clearly legible tangible form.

24 (p) “Foreign corporation” means a corporation formed under
25 the laws of any state other than this state or under the laws of the
26 United States or of a foreign country.

27 (q) “Foreign limited liability company” means either (1) an
28 entity formed under the limited liability company laws of any state
29 other than this state, or (2) an entity organized under the laws of
30 any foreign country that is (A) an unincorporated association, (B)
31 organized under a statute pursuant to which an association may be
32 formed that affords each of its members limited liability with
33 respect to the liabilities of the entity, and (C) not an entity that is
34 required to be registered or qualified pursuant to the provisions of
35 Title 1 (commencing with Section 100) or Title 2 (commencing
36 with Section 15001); but the term “foreign limited liability
37 company” does not include a foreign association, as defined in
38 Section 170.

39 (r) “Foreign limited partnership” means a partnership formed
40 under the laws of any state other than this state or under the laws

1 of a foreign country and having as partners one or more general
2 partners and one or more limited partners or their equivalents
3 under any name.

4 (s) “Foreign other business entity” means any other business
5 entity formed under the laws of any state other than this state or
6 under the laws of the United States or of a foreign country.

7 (t) “Limited liability company” or “domestic limited liability
8 company” means an entity having one or more members that is
9 organized under this title and is subject to the provisions of Section
10 17101.

11 (u) “Mail” unless otherwise provided in the operating
12 agreement, means first-class mail, postage prepaid, unless
13 registered mail is specified. Registered mail includes certified
14 mail.

15 (v) “Majority in interest of the members,” unless otherwise
16 provided in the operating agreement, means more than 50 percent
17 of the interests of members in current profits of the limited liability
18 company.

19 (w) “Manager” means a person elected by the members of a
20 limited liability company to manage the limited liability company
21 if the articles of organization contain the statement referred to in
22 subdivision (b) of Section 17151 or, if the articles of organization
23 do not contain that statement, “manager” means each of the
24 members of the limited liability company.

25 (x) “Member” means a person who:

26 (1) Has been admitted to a limited liability company as a
27 member in accordance with the articles of organization or
28 operating agreement, or an assignee of an interest in a limited
29 liability company who has become a member pursuant to Section
30 17303.

31 (2) Has not resigned, withdrawn, or been expelled as a member
32 or, if other than an individual, been dissolved.

33 (y) “Member of record” means a member named as a member
34 on the list maintained in accordance with paragraph (1) of
35 subdivision (a) of Section 17058.

36 (z) “Membership interest” means a member’s rights in the
37 limited liability company, collectively, including the member’s
38 economic interest, any right to vote or participate in management,
39 and any right to information concerning the business and affairs of
40 the limited liability company provided by this title.

1 (aa) “Officer” means any person elected or appointed pursuant
2 to Section 17154.

3 (ab) “Operating agreement” means any agreement, written or
4 oral, between all of the members as to the affairs of a limited
5 liability company and the conduct of its business in any manner not
6 inconsistent with law or the articles of organization, including all
7 amendments thereto, or, in the case of a foreign limited liability
8 company, all documents that serve a like function under the laws
9 of the jurisdiction in which the foreign limited liability company
10 is organized. The term “operating agreement” may include,
11 without more, an agreement between all the members to organize
12 a limited liability company pursuant to the provisions of this title.

13 (ac) “Other business entity” means a corporation, limited
14 partnership, general partnership, business trust, real estate
15 investment trust, or an unincorporated association (other than a
16 nonprofit association), but excluding a domestic limited liability
17 company and a foreign limited liability company.

18 (ad) “Parent,” when used in relation to a specified limited
19 liability company, means a person who owns, directly or
20 indirectly, membership interests possessing more than 50 percent
21 of the voting power of the specified limited liability company.
22 When used in relation to a specified corporation or limited
23 partnership, the term “parent” shall have the meanings set forth
24 in Section 1200 and subdivision (v) of Section 15611, respectively.

25 (ae) “Person” means an individual, partnership, limited
26 partnership, trust, estate, association, corporation, limited liability
27 company, or other entity, whether domestic or foreign.

28 (af) [RESERVED]

29 (ag) [RESERVED]

30 (ah) [RESERVED]

31 (ai) “Proxy,” unless otherwise provided in the operating
32 agreement, means a written authorization signed or an electronic
33 transmission authorized by a member or the member’s
34 attorney-in-fact giving another person the power to exercise the
35 voting rights of that member. “Signed,” for the purpose of this
36 section, means the placing of the member’s name on the proxy
37 (whether by manual signature, typewriting, telegraphic or
38 electronic transmission, or otherwise) by the member or member’s
39 attorney-in-fact.

1 A proxy may be transmitted by an oral telephonic transmission
2 if it is submitted with information from which it may be
3 determined that the proxy was authorized by the member, or by the
4 member's attorney-in-fact.

5 (aj) "Return of capital," unless otherwise provided in the
6 operating agreement, means any distribution to a member to the
7 extent that the member's capital account, immediately after the
8 distribution, is less than the amount of that member's contributions
9 to the limited liability company as reduced by prior distributions
10 that were a return of capital.

11 (ak) "State" means a state, territory, or possession of the
12 United States, the District of Columbia, or the Commonwealth of
13 Puerto Rico.

14 (al) "Subsidiary of a specified limited liability company"
15 means a limited liability company or other business entity in which
16 shares, interests, or other securities possessing more than 50
17 percent of the voting power are owned by the specified limited
18 liability company.

19 (am) "Surviving limited liability company" means a limited
20 liability company into which one or more other limited liability
21 companies or other business entities are merged.

22 (an) "Surviving other business entity" means an other business
23 entity into which one or more limited liability companies are
24 merged.

25 (ao) "Time a notice is given or sent," unless otherwise
26 expressly provided, means the time a written notice is deposited
27 in the United States mail; is personally delivered to the recipient,
28 is delivered to a common carrier for transmission, or is actually
29 transmitted by the person giving the notice by electronic
30 transmission, to the recipient; or the time any oral notice is
31 communicated, in person or by telephone, to the recipient or to a
32 person at the office of the recipient who the person giving the
33 notice has reason to believe will promptly communicate it to the
34 recipient.

35 (ap) "Transact intrastate business" means to enter into
36 repeated and successive transactions of business in this state, other
37 than in interstate or foreign commerce.

38 (1) Without excluding other activities which may not be
39 considered to be transacting intrastate business, a foreign limited
40 liability company shall not be considered to be transacting

1 intrastate business merely because its subsidiary transacts
2 intrastate business, or merely because of its status as any one or
3 more of the following:

4 (A) A shareholder of a domestic corporation.

5 (B) A shareholder of a foreign corporation transacting
6 intrastate business.

7 (C) A limited partner of a foreign limited partnership
8 transacting intrastate business.

9 (D) A limited partner of a domestic limited partnership.

10 (E) A member or manager of a foreign limited liability
11 company transacting intrastate business.

12 (F) A member or manager of a domestic limited liability
13 company.

14 (2) Without excluding other activities which may not be
15 considered to be transacting intrastate business, a foreign limited
16 liability company shall not be considered to be transacting
17 intrastate business within the meaning of this subdivision solely by
18 reason of carrying on in this state any one or more of the following
19 activities:

20 (A) Maintaining or defending any action or suit or any
21 administrative or arbitration proceeding, or effecting the
22 settlement thereof, or the settlement of claims or disputes.

23 (B) Holding meetings of its managers or members or carrying
24 on any other activities concerning its internal affairs.

25 (C) Maintaining bank accounts.

26 (D) Maintaining offices or agencies for the transfer, exchange,
27 and registration of the foreign limited liability company's
28 securities or maintaining trustees or depositaries with respect to
29 those securities.

30 (E) Effecting sales through independent contractors.

31 (F) Soliciting or procuring orders, whether by mail or through
32 employees or agents or otherwise, where those orders require
33 acceptance without this state before becoming binding contracts.

34 (G) Creating or acquiring evidences of debt or mortgages,
35 liens, or security interests in real or personal property.

36 (H) Securing or collecting debts or enforcing mortgages and
37 security interests in property securing the debts.

38 (I) Conducting an isolated transaction that is completed within
39 180 days and not in the course of a number of repeated transactions
40 of a like nature.

(3) A person shall not be deemed to be transacting intrastate business in this state merely because of its status as a member or manager of a domestic limited liability company or a foreign limited liability company registered to transact intrastate business in this state.

(aq) “Vote” includes authorization by written consent.

(ar) “Voting power” means the power to vote on any matter at the time any determination of voting power is made and does not include the right to vote upon the happening of some condition or event which has not yet occurred.

(as) “Withdrawal” includes the resignation or retirement of a member as a member.

(at) “Written” or “in writing” includes facsimile, telegraphic, and other electronic communication as authorized by this code.

SEC. 47. Section 17058 of the Corporations Code is amended to read:

17058. (a) Each limited liability company shall maintain in writing or in any other form capable of being converted into clearly legible tangible form at the office referred to in subdivision (a) of Section 17057 all of the following:

(1) A current list of the full name and last known business or residence address of each member and of each holder of an economic interest in the limited liability company set forth in alphabetical order, together with the contribution and the share in profits and losses of each member and holder of an economic interest.

(2) If the articles of organization contain the statement described in subdivision (b) of Section 17151, a current list of the full name and business or residence address of each manager.

(3) A copy of the articles of organization and all amendments thereto, together with any powers of attorney pursuant to which the articles of organization or any amendments thereto were executed.

(4) Copies of the limited liability company’s federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years.

(5) A copy of the limited liability company’s operating agreement, if in writing, and any amendments thereto, together with any powers of attorney pursuant to which any written operating agreement or any amendments thereto were executed.

1 (6) Copies of the financial statements of the limited liability
2 company, if any, for the six most recent fiscal years.

3 (7) The books and records of the limited liability company as
4 they relate to the internal affairs of the limited liability company
5 for at least the current and past four fiscal years.

6 (b) Upon request of an assessor, a domestic or foreign limited
7 liability company owning, claiming, possessing, or controlling
8 property in this state subject to local assessment shall make
9 available at the limited liability company's principal office in
10 California or at the office required to be kept pursuant to
11 subdivision (a) of Section 17057 or at a place mutually acceptable
12 to the assessor and the limited liability company, a true copy of
13 business records relevant to the amount, cost, and value of all
14 property that it owns, claims, possesses, or controls within the
15 county.

16 SEC. 48. Section 17104 of the Corporations Code is amended
17 to read:

18 17104. (a) Meetings of members may be held at any place, by
19 electronic video screen communication or by electronic
20 transmission by and to the limited liability company (subdivisions
21 (o) and (p) of Section 17001), either within or without this state,
22 selected by the person or persons calling the meeting or as may be
23 stated in or fixed in accordance with the articles of organization or
24 a written operating agreement. If no other place is stated or so
25 fixed, all meetings shall be held at the principal executive office
26 of the limited liability company. Unless prohibited by the articles
27 of organization of the limited liability company, if authorized by
28 the operating agreement, members not physically present in
29 person or by proxy at a meeting of members may, by electronic
30 transmission by and to the limited liability company (subdivisions
31 (o) and (p) of Section 17001) or by electronic video screen
32 communication, participate in a meeting of members, be deemed
33 present in person or by proxy, and vote at a meeting of members
34 whether that meeting is to be held at a designated place or in whole
35 or in part by means of electronic transmission by and to the limited
36 liability company or by electronic video screen communication, in
37 accordance with subdivision (l).

38 (b) A meeting of the members may be called by any manager
39 or by any member or members representing more than 10 percent

1 of the interests of members for the purpose of addressing any
2 matters on which the members may vote.

3 (c) (1) Whenever members are required or permitted to take
4 any action at a meeting, a written notice of the meeting shall be
5 given not less than 10 days nor more than 60 days before the date
6 of the meeting to each member entitled to vote at the meeting. The
7 notice shall state the place, date, and hour of the meeting, the
8 means of electronic transmission by and to the limited liability
9 company or electronic video screen communication, if any, and
10 the general nature of the business to be transacted. No other
11 business may be transacted at this meeting.

12 (2) Any report or any notice of a members' meeting shall be
13 given personally, by electronic transmission by the limited
14 liability company, or by mail or other means of written
15 communication, addressed to the member at the address of the
16 member appearing on the books of the limited liability company
17 or given by the member to the limited liability company for the
18 purpose of notice, or, if no address appears or is given, at the place
19 where the principal executive office of the limited liability
20 company is located or by publication at least once in a newspaper
21 of general circulation in the county in which the principal
22 executive office is located. The notice or report shall be deemed
23 to have been given at the time when delivered personally, or
24 delivered by electronic transmission by the limited liability
25 company, or deposited in the mail or sent by other means of written
26 communication. An affidavit of mailing or delivered by electronic
27 transmission by the limited liability company of any notice or
28 report in accordance with the provisions of this article, executed
29 by a manager, shall be prima facie evidence of the giving of the
30 notice or report.

31 If any notice or report addressed to the member at the address
32 of the member appearing on the books of the limited liability
33 company is returned to the limited liability company by the United
34 States Postal Service marked to indicate that the United States
35 Postal Service is unable to deliver the notice or report to the
36 member at the address, all future notices or reports shall be deemed
37 to have been duly given without further mailing if they are
38 available for the member at the principal executive office of the
39 limited liability company for a period of one year from the date of
40 the giving of the notice or report to all other members.

1 Notice given by electronic transmission by the limited liability
2 company under this subdivision shall be valid only if it complies
3 with subdivision (o) of Section 17001. Notwithstanding the
4 foregoing, notice shall not be given by electronic transmission by
5 the limited liability company under this subdivision after either of
6 the following:

7 (A) The limited liability company is unable to deliver two
8 consecutive notices to the member by that means.

9 (B) The inability to so deliver the notices to the member
10 becomes known to the secretary, any assistant secretary, the
11 transfer agent, or other person responsible for the giving of the
12 notice.

13 The inadvertent failure to deliver an effective notice by
14 electronic means by the limited liability company shall not
15 invalidate any meeting or other action.

16 (3) Upon written request to a manager by any person entitled
17 to call a meeting of members, the manager shall immediately cause
18 notice to be given to the members entitled to vote that a meeting
19 will be held at a time requested by the person calling the meeting,
20 not less than 10 days nor more than 60 days after the receipt of the
21 request. If the notice is not given within 20 days after receipt of the
22 request, the person entitled to call the meeting may give the notice
23 or, upon the application of that person, the superior court of the
24 county in which the principal executive office of the limited
25 liability company is located, or if the principal executive office is
26 not in this state, the county in which the limited liability company's
27 address in this state is located, shall summarily order the giving of
28 the notice, after notice to the limited liability company affording
29 it an opportunity to be heard. The procedure provided in
30 subdivision (c) of Section 305 shall apply to the application. The
31 court may issue any order as may be appropriate, including,
32 without limitation, an order designating the time and place of the
33 meeting, the record date for determination of members entitled to
34 vote, and the form of notice.

35 (d) When a members' meeting is adjourned to another time or
36 place, unless the articles of organization or a written operating
37 agreement otherwise require and, except as provided in this
38 subdivision, notice need not be given of the adjourned meeting if
39 the time and place thereof or the means of electronic transmission
40 by and to the limited liability company or electronic video screen

1 communication, if any, are announced at the meeting at which the
2 adjournment is taken. At the adjourned meeting, the limited
3 liability company may transact any business that may have been
4 transacted at the original meeting. If the adjournment is for more
5 than 45 days, or if after the adjournment a new record date is fixed
6 for the adjourned meeting, a notice of the adjourned meeting shall
7 be given to each member of record entitled to vote at the meeting.

8 (e) The actions taken at any meeting of members, however
9 called and noticed, and wherever held, have the same validity as
10 if taken at a meeting duly held after regular call and notice, if a
11 quorum is present either in person or by proxy, and if, either before
12 or after the meeting, each of the members entitled to vote, not
13 present in person or by proxy, provides a waiver of notice or
14 consents to the holding of the meeting or approves the minutes of
15 the meeting in writing. All waivers, consents, and approvals shall
16 be filed with the limited liability company records or made a part
17 of the minutes of the meeting after conversion to the form in which
18 those records or minutes are kept. Attendance of a person at a
19 meeting shall constitute a waiver of notice of the meeting, except
20 when the person objects, at the beginning of the meeting, to the
21 transaction of any business because the meeting is not lawfully
22 called or convened. Attendance at a meeting is not a waiver of any
23 right to object to the consideration of matters required by this title
24 to be included in the notice but not so included, if the objection is
25 expressly made at the meeting. Neither the business to be
26 transacted nor the purpose of any meeting of members need be
27 specified in any written waiver of notice, unless otherwise
28 provided in the articles of organization or operating agreement,
29 except as provided in subdivision (g).

30 (f) Members may participate in a meeting of the limited
31 liability company through the use of conference telephones or
32 electronic video screen communication, as long as all members
33 participating in the meeting can hear one another, or by electronic
34 transmission by and to the limited liability company pursuant to
35 subdivision (o) of Section 17001. Participation in a meeting
36 pursuant to this provision constitutes presence in person at that
37 meeting.

38 (g) Any action approved at a meeting, other than by unanimous
39 approval of those entitled to vote, shall be valid only if the general



1 nature of the proposal so approved was stated in the notice of
2 meeting or in any written waiver of notice.

3 (h) (1) A majority in interest of the members represented in
4 person or by proxy shall constitute a quorum at a meeting of
5 members.

6 (2) The members present at a duly called or held meeting at
7 which a quorum is present may continue to transact business until
8 adjournment, notwithstanding the loss of a quorum, if any action
9 taken after loss of a quorum, other than adjournment, is approved
10 by the requisite percentage of interests of members specified in
11 this title or in the articles of organization or a written operating
12 agreement.

13 (3) In the absence of a quorum, any meeting of members may
14 be adjourned from time to time by the vote of a majority of the
15 interests represented either in person or by proxy, but no other
16 business may be transacted, except as provided in paragraph (2).

17 (i) (1) Any action that may be taken at any meeting of the
18 members may be taken without a meeting if a consent in writing,
19 setting forth the action so taken, is signed and delivered to the
20 limited liability company within 60 days of the record date for that
21 action by members having not less than the minimum number of
22 votes that would be necessary to authorize or take that action at a
23 meeting at which all members entitled to vote thereon were present
24 and voted.

25 (2) Unless the consents of all members entitled to vote have
26 been solicited in writing, (A) notice of any member approval of an
27 amendment to the articles of organization or operating agreement,
28 a dissolution of the limited liability company as provided in
29 Section 17350, or a merger of the limited liability company as
30 provided in Section 17551, without a meeting by less than
31 unanimous written consent shall be given at least 10 days before
32 the consummation of the action authorized by such approval, and
33 (B) prompt notice shall be given of the taking of any other action
34 approved by members without a meeting by less than unanimous
35 written consent, to those members entitled to vote who have not
36 consented in writing.

37 (3) Any member giving a written consent, or the member's
38 proxyholder, may revoke the consent personally or by proxy by a
39 writing received by the limited liability company prior to the time
40 that written consents of members having the minimum number of

1 votes that would be required to authorize the proposed action have
2 been filed with the limited liability company, but may not do so
3 thereafter. This revocation is effective upon its receipt at the office
4 of the limited liability company required to be maintained
5 pursuant to Section 17057.

6 (j) The use of proxies in connection with this section will be
7 governed in the same manner as in the case of corporations formed
8 under the General Corporation Law.

9 (k) In order that the limited liability company may determine
10 the members of record entitled to notices of any meeting or to vote,
11 or entitled to receive any distribution or to exercise any rights in
12 respect of any other lawful action, a manager, or members
13 representing more than 10 percent of the interests of members,
14 may fix, in advance, a record date, that is not more than 60 days
15 nor less than 10 days prior to the date of the meeting and not more
16 than 60 days prior to any other action. If no record date is fixed:

17 (1) The record date for determining members entitled to notice
18 of or to vote at a meeting of members shall be at the close of
19 business on the business day next preceding the day on which
20 notice is given or, if notice is waived, at the close of business on
21 the business day next preceding the day on which the meeting is
22 held.

23 (2) The record date for determining members entitled to give
24 consent to limited liability company action in writing without a
25 meeting shall be the day on which the first written consent is given.

26 (3) The record date for determining members for any other
27 purpose shall be at the close of business on the day on which the
28 managers adopt the resolution relating thereto, or the 60th day
29 prior to the date of the other action, whichever is later.

30 (4) The determination of members of record entitled to notice
31 of or to vote at a meeting of members shall apply to any
32 adjournment of the meeting unless a manager or the members who
33 called the meeting fix a new record date for the adjourned meeting,
34 but the manager or the members who called the meeting shall fix
35 a new record date if the meeting is adjourned for more than 45 days
36 from the date set for the original meeting.

37 (l) A meeting of the members may be conducted, in whole or
38 in part, by electronic transmission by and to the limited liability
39 company or by electronic video screen communication (1) if the
40 limited liability company implements reasonable measures to

1 provide members (in person or by proxy) a reasonable opportunity
2 to participate in the meeting and to vote on matters submitted to
3 the members, including an opportunity to read or hear the
4 proceedings of the meeting substantially concurrently with those
5 proceedings, and (2) if any member votes or takes other action at
6 the meeting by means of electronic transmission to the limited
7 liability company or electronic video screen communication, a
8 record of that vote or action is maintained by the limited liability
9 company.

10 SEC. 49. Section 17106 of the Corporations Code is amended
11 to read:

12 17106. (a) Upon the request of a member or a holder of an
13 economic interest, for purposes reasonably related to the interest
14 of that person as a member or a holder of an economic interest, a
15 manager shall promptly deliver, in writing, to the member or
16 holder of an economic interest, at the expense of the limited
17 liability company, a copy of the information required to be
18 maintained by paragraphs (1), (2), and (4) of subdivision (a) of
19 Section 17058, and any written operating agreement of the limited
20 liability company.

21 (b) Each member, manager, and holder of an economic interest
22 has the right upon reasonable request, for purposes reasonably
23 related to the interest of that person as a member, manager, or
24 holder of an economic interest, to each of the following:

25 (1) To inspect and copy during normal business hours any of
26 the records required to be maintained by Section 17058.

27 (2) To obtain in writing from the limited company promptly
28 after becoming available, a copy of the limited liability company's
29 federal, state, and local income tax or information returns for each
30 year.

31 (c) In the case of any limited liability company with more than
32 35 members:

33 (1) A manager shall cause an annual report to be sent to each
34 of the members not later than 120 days after the close of the fiscal
35 year. That report, which may be sent by electronic transmission by
36 the limited liability company (subdivision (o) of Section 17001),
37 shall contain a balance sheet as of the end of the fiscal year and an
38 income statement and statement of changes in financial position
39 for the fiscal year.

1 (2) Members representing at least 5 percent of the voting
2 interests of members, or three or more members, may make a
3 written request to a manager for an income statement of the limited
4 liability company for the initial three-month, six-month, or
5 nine-month period of the current fiscal year ended more than 30
6 days prior to the date of the request, and a balance sheet of the
7 limited liability company as of the end of that period. The
8 statement shall be delivered or mailed to the members within 30
9 days thereafter.

10 (3) The financial statements referred to in this section shall be
11 accompanied by the report thereon, if any, of the independent
12 accountants engaged by the limited liability company or, if there
13 is no report, the certificate of a manager of the limited liability
14 company that the financial statements were prepared without audit
15 from the books and records of the limited liability company.

16 (d) A manager shall promptly furnish to a member a copy of
17 any amendment to the articles of organization or operating
18 agreement executed by a manager pursuant to a power of attorney
19 from the member. The articles of organization or operating
20 agreement may be sent by electronic transmission by the limited
21 liability company.

22 (e) The limited liability company shall send or cause
23 information to be sent in writing to each member or holder of an
24 economic interest within 90 days after the end of each taxable year
25 such information as is necessary to complete federal and state
26 income tax or information returns, and, in the case of a limited
27 liability company with 35 or fewer members, a copy of the limited
28 liability company's federal, state, and local income tax or
29 information returns for the year.

30 (f) In addition to any other remedies, a court of competent
31 jurisdiction may enforce the duty of making and mailing or
32 delivering the information and financial statements required by
33 this section and, for good cause shown, may extend the time
34 therefor.

35 (g) In any action under this section, if the court finds the failure
36 of the limited liability company to comply with the requirements
37 of this section is without justification, the court may award an
38 amount sufficient to reimburse the person bringing the action for
39 the reasonable expenses incurred by that person, including
40 attorneys' fees, in connection with the action or proceeding.



1 (h) Any waiver of the rights provided in this section shall be
2 unenforceable.

3 (i) Any request, inspection, or copying by a member or holder
4 of an economic interest may be made by that person or by that
5 person's agent or attorney.

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